

Money for nothing? Arguments for basic income, universal pensions and universal child benefits in Norway



Christian Petersen

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Department of Comparative Politics

University of Bergen

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Abstract

Basic income is a radical idea which has gained more attention in many countries in recent years, as traditional welfare states are having trouble solving the problems they were created to solve. Basic income promises to solve many of these problems in an effective and simple way. The purpose of this thesis is to study basic income in a way which can supplement the existing literature, and make it relevant in a Norwegian perspective. Hopefully this can contribute towards placing basic income on the political agenda and in the public debate. A large amount of literature is written on basic income, but by comparing the arguments used to promote a basic income with empirical data from previously implemented social policy in Norway, I hope to contribute towards an area which is not well covered.

To do this I identify the arguments used to promote a basic income, and compare them to the arguments used to promote other universal social policy in Norway at the time they were introduced. The empirical cases of the universal child benefit and the universal old age pension in Norway has been chosen, because they resemble a basic income in many ways. The study is of a qualitative nature, and the method of document analysis is used to conduct the study. The data material for basic income is mainly scholarly literature. The data materials used for the analysis of the child benefit scheme and the old age pension are government documents, mainly preparatory work for new laws, legal propositions put forward in parliament, white papers, and transcripts of debates in parliament.

This study finds that there are many similarities between the three social policies studied in this thesis. Most clearly the arguments are similar in two areas: arguments related to economic and administrative considerations, and arguments related to poverty and social justice. The main differences are related to arguments related to freedom and justice, and arguments related to feminist, green and post-productive considerations.

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“Such a comprehensive reform [NIT] would do more efficiently and humanely what our present welfare system does so inefficiently and inhumanely. It would provide an assured minimum to all persons in need regardless of the reasons for their need while doing as little harm as possible to their character, their independence, or their incentive to better their own condition” (Friedman & Friedman 1980: 120).

- Milton Friedman,
Free to Choose

1. Introduction

Since the 1980's a simple and powerful idea has been acquiring support and admiration from a growing number of people, especially in Europe, but also in other parts of the world (Widerquist, Noguera, Vanderborght & De Wispelaere 2013). The idea of a universal basic income is that every citizen or resident of a country receives a modest income without means testing or conditions attached, and let them top it up at will. It can be seen as a radical reform of the welfare state (Bay & Pedersen 2006), and it is by many seen as a solution to many of the problems with existing welfare- and social policies (Van Parijs 2004b). Political philosophers have discussed the idea of basic income for decades, but amongst politicians, the debate has been mostly untouched. Basic income is said to fulfil the liberal arguments for social justice with concerns such as freedom, efficiency and equality (Meade 1993), it is said to fulfil libertarian justice (Vallentyne 2012), and it is argued to fulfil the requirements of republican freedom for everyone (Domènech & Raventós 2007). Basic income has also been presented in more practical terms as a solution to problems facing modern welfare states, like problems with high unemployment rates (Van Parijs 1995), poverty, the negative effects of means testing and the difficulties distinguishing between deserving poor and non-deserving poor in categorical social insurance (Goodin 2001a). It has however in recent years gained more attention in some European countries (Offe 2009) as the welfare states of European countries are facing problems regarding mass unemployment among young people (Lachman 2013, The Economist 2013).

The aim of this thesis is to look at basic income from a Norwegian perspective. To identify and systematically analyse the arguments in favour of a basic income, and find potential differences and similarities to the debates in Norway concerning other universal and unconditional benefits. For this purpose, the child benefit and the old age pension are also included in the study¹(Folketrygdloven , Barnetrygdloven). The research question for the thesis is as follows: *What are the arguments used to promote a universal basic income, and how do they compare to the arguments leading to the introduction of other universal income schemes in Norway?*

This thesis will explore the literature on basic income to get a good understanding of the basic income debate. It will also have a historical view on the debates surrounding the passing of the universal child benefit from 1946 (Pettersen 1987: 97), and the national old age pension from 1936, which was made universal in 1957 (Pettersen 1987: 27). I will discuss the

¹ Apart from the age restrictions, the child benefit and the basic old age pension are unconditional and universal.

theoretical debate on basic income, found in the literature, and empirically study the debates from the introduction of the mentioned social policies in Norway. Parliamentary debates, party programs and different types of government documents make up the data material.

1.1 Why study basic income?

The idea of basic income is by no means a new one, in fact it has been independently thought up under a variety of different names and forms for many years, but in most cases without much political success. In the 1920's it was brought up in Britain, but lost ground to the Beveridge plan in the 40's (Widerquist et al. 2013). In the United States it enjoyed popularity in the 60's, and was even put forward by a presidential candidate, but lost attention along with the candidate. For the last two or three decades, it has again started to get attention in Europe, and is now more popular than ever before. The Basic Income Earth Network has gained affiliate organisations in many countries, the latest additions are from 2012, when the Belgian, Finnish, Slovenian and Norwegian affiliate organizations were accepted (Basic Income Earth Network 2011, Basic Income News 2012, BIEN 2013). There is a European Citizens Initiative under way to bring basic income on the EU agenda (European Commission 2013), and there has been a successful campaign in Switzerland, who is due to have a petition on basic income sometime in the next three years (BIEN Switzerland 2013).

All research projects should “... pose a question that is “important” in the real world.” (King, Keohane & Verba 1994: 15). This means that the topic should have consequences for political, social or economic life, or for understanding something that affects many people's lives. The topic of basic income does this by being a current proposal for a radical reform of welfare states in Europe, and even for the European Union as a whole. Although there is currently no public debate about basic income in Norway, the debate is very active in other European countries, even other Nordic countries. Although it has only received serious attention in Denmark and Finland (Andersson & Kangas 2005: 114), it could eventually become a more popular topic in Norway. The newly started basic income advocate group *Borgerlønn – BIEN Norge* (BIEN Norge 2013) whose purpose is to promote basic income and place it on the political agenda is an example that people in Norway are taking notice of basic income and that support is growing.

The Nordic countries are known for their universal social policy, and this trait often characterizes the generous Nordic welfare states (Esping-Andersen 1990, Rothstein 1998, Andersson et al. 2005). Universalism in this context means that citizenship or, rather,

residency is the condition for receiving social security. This is different from the Conservative welfare states, where welfare benefits often are attached to labour market position, or the liberal welfare states, where social security is given on the basis of need (Esping-Andersen 1990, Ferragina & Seeleib-Kaiser 2011). However, even in the Nordic countries social security is conditional in several ways. To receive a benefit, the recipient must be unable to work, must be willing to accept a suitable job or training, pass a means test, the recipients household situation must be checked, and the level of the benefit may vary depending upon where a person lives (Andersson et al. 2005: 112). This state of affairs deviates from the universalistic ideal. The most universalistic response to a situation where not everyone is able to provide for him- or herself would be an unconditional basic income.

Two welfare programs in Norway today resemble a basic income, in the sense that they are regarded to be both universal and unconditional. This is the minimum old-age pension, and the child benefit. The child benefit program benefits all families with children up to the age of 18. The old-age pension benefits all Norwegian citizens over the age of 67. The child-benefit program was the first welfare program in Norway without a means test, making it the first unconditional social program. The bill was passed in 1946, unanimously and without debate in the legislature (Kuhnle 1991). This marked a shift in the Norwegian welfare system, towards a more inclusive and encompassing welfare model. The old age pension was made unconditional in 1957, after many years of gradually improving the coverage of the means tested pension (Pettersen 1987).

A research question should further make “a specific contribution to an identifiable scholarly literature by increasing our collective ability to construct verified scientific explanations of some aspect of the world”(King et al. 1994: 15). The contribution of a single research project can be mainly a descriptive inference, not all research has to be causal (King et al. 1994). This thesis will contribute to the scholarly literature on basic income, especially in a Norwegian context. Firstly, a systematic review of the basic income idea can help create a better understanding of a complex topic, with a very large and varied scholarly literature. Second, it can contribute towards placing basic income in relation to existing Norwegian social policy, identifying similarities and differences. By identifying and systematically analysing the arguments used in the basic income debate, and comparing those to empirical cases from previous Norwegian debates on social policies, it could ultimately help create an understanding of the possibility, likelihood or desirability of basic income in Norway, and contribute towards placing it on the political agenda.

1.2 The structure of the thesis

Chapter 2 discusses the method and data materials used in this thesis. First, I specify the limitation of the units of analysis. I account for the data, and for the data collection process. I end the chapter with a discussion of the choice of method, and a discussion regarding evaluation of the data and methods used.

Chapter 3 presents the basic income idea. The chapter starts with an introduction to the topic, providing definitions and then explaining the contents in detail. I identify and classify the arguments in favour of basic income, and the most common objections to basic income.

Chapter 4 is dedicated to an analysis of the Norwegian child benefit scheme. I present a history of the idea and the discussion leading to the implementation of the program. I provide an in depth presentation and analysis of the process which led to the bill passing in 1946, and the debates preceding it.

In chapter 5, I present the historical process leading up to the implementation of the Norwegian old age pension scheme. The focus is on the debates leading to the removal of the means test in 1956.

Chapter 6 contains a comparison of the arguments identified in chapter 3, 4, and 5. I provide a summary and comparison of the results from the previous chapters in table form, as well as a discussion of the arguments.

In chapter 7, I end this thesis with a conclusion, as well as some thoughts about the contributions of the thesis and suggestions for future research.

2. Data and method

The goal of this thesis is to identify and compare arguments from scholarly and political debates surrounding three social policy proposals. The objects of study are the basic income proposal, which has not been implemented fully anywhere yet, the child benefit and the old-age pension schemes in Norway. The Norwegian parliament passed the child benefit act in 1946, and made the old age pension unconditional in 1957. What was the reason for passing these two unconditional social policies? Moreover, what are there similarities between the two, and the basic income debate? There is no right answer as to how to go about a study, collect data and come to a conclusion, but a research design will be helpful to guide the research (Johannessen, Tufte & Christoffersen 2010: 73). There are many different ways of conducting research, but some methods are more appropriate for certain kinds of study.

The first question which surfaces is if the study is going to be a quantitative or a qualitative research project (Johannessen et al. 2010: 31), or even a mixed methods research project (King et al. 1994). The choice of methods is dependent upon the research question and is determined by the type of data which is collected for analysis (Grønmo 2004: 123). Data which is based on numbers or quantifiable evidence is often categorized as quantitative data, while data which is not quantifiable, such as interview data, is often categorized as qualitative (Grønmo 2004). There is no clear divide and different kinds of data can be used in both qualitative and quantitative research but data expressed in text form is usually most relevant for qualitative research (Grønmo 2004: 124). All data used in this thesis is in the form of text, scholarly literature and different kinds of documents. To best answer the research question with the available data, I have chosen a qualitative content analysis approach, or document analysis.

2.1 Specifying the units of analysis

To be able to do a qualitative study bound by the limits in time and resources of a master's thesis, it is necessary to limit the scope of the study to make it manageable. The main theme of the thesis is the debate around the basic income idea, in a Norwegian perspective. To make it relevant in a Norwegian perspective, I want to compare it to previous debates in Norway on similar topics. The child benefit and the old age pension in Norway can be regarded as a form of basic income for specific groups of the population. The programmes have been chosen as units of analysis because of their similarities with basic income. The other units of analysis in this thesis are therefore the debates surrounding the passing of the child benefit program, and the debate leading to the removal of the means test in the old age pension. The study of the basic income debate relies on the scholarly literature on the topic. The empirical studies of the

debates on the child benefit and the old age pension uses data such as government documents and parliamentary records. The main data material consists of preparatory work, propositions, white papers, transcripts and records from debates in parliament.

2.2 Data

This thesis has three units of analysis, the first is the basic income debate, the second is the child benefit debate, and the third is the old age pension debate. The data material for the part on basic income is limited to the scholarly literature on the topic, found in books, journals, articles as well as internet-based sources. This section will be partially a literature review, but the contents of the literature will be systematically interpreted and categorized, following the method of document analysis. The sources for the child benefit debate and the old age pension debate are government documents. Mainly the sources are limited to preparatory work for new laws, legal propositions put forward in parliament, white papers, and transcripts of debates in parliament. These documents have partly collected from publications at the University Library, and partly from the official website of parliament www.stortinget.no, where official documents are freely available.

The topic of basic income has a very large amount of scholarly literature, so the data has been limited through a thorough selection. I have, however, provided different views and different perspectives from the basic income debates found in the literature, and in particular Widerquist et al. (2013) contains a good overview of the topic, as well as an impressive collection of articles and research, but also recommendations for further reading, and has helped me finding relevant literature. In addition, the website www.binews.org is regularly updated with basic income related research news. I have also received literature recommendations on basic income from email correspondence with Anja Askeland, leader of the Norwegian BIEN organization (BIEN Norge 2013), and Simon Birnbaum, researcher at the department of political science at Stockholm University, associate editor of Basic Income Studies and member of the International Advisory Board of the Basic Income Earth Network (BIEN).

Regarding the documents on the child benefit and the old age pension programmes, I have received information regarding relevant documents from my supervisor Professor Stein Kuhnle, and email correspondence with historian and state grant recipient (Statsstipendiat) Per Haave. The process of reading the government documents also uncovered additional relevant documents to use. In addition, systematic searching in the database

www.arkivportalen.no, a national search engine for many national archives and catalogues has provided fruitful results.

2.3 Document analysis

Document analysis involves a systematic review of documents with the aim of categorizing the content, and registering the data that is relevant for answering the research question in the study (Grønmo 2004: 187, Mayring 2000). This method consists of systematically identifying and extracting relevant information with the aim of highlighting specific issues related to the research question. This can be e.g. what arguments, attitudes, beliefs or values which are presented in the documents (Grønmo 2004: 128). The relevant parts of the content are then processed, systematized and registered in a way which allows it to be used in the analysis (Grønmo 2004: 187). Especially relevant for this thesis are the arguments that can be found in the relevant documents. Content analysis can be conducted on any kind of data; pictures, sound, images, or text. Usually in document analysis the documents consist of text (Mayring 2000), and this is also true for this research project.

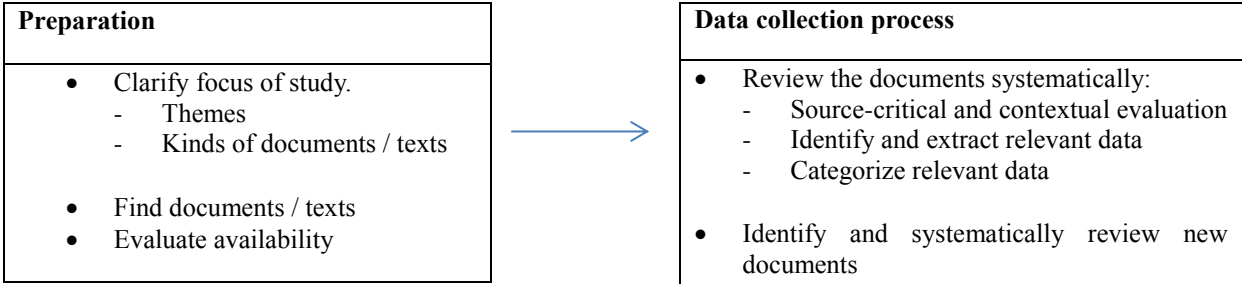
The data collection and data analysis processes are often overlapping, and the choice of documents sometimes happens during the data collection process. During the process of collecting and analysing documents, the researcher gets a better understanding of other documents, which can be relevant for answering the research question. The data collection process can therefore be unpredictable, and a detailed plan might not be useful, as the plans might change during the process (Grønmo 2004: 187). This flexibility of the research design is a regular quality in qualitative research design, and it can be a resource for the research project. It can however cause the researcher to lose focus on the original purpose of the research project (Grønmo 2004: 130-131). Therefore, it is important in the preparation of the data collection process to decide on and clarify the focus and purpose of the research project.

During the data collection process, it is important to take source-critical and contextual evaluations of the data. This requires evaluation of the documents' availability, relevance, authenticity and credibility (Grønmo 2004: 190). An evaluation of the availability of the relevant documents must be done prior to the data collection process, but also during the process, because the possibility of adding additional documents may come up. The relevance of the documents is especially important, as these are the objects of study. It is also an important part of the systematic and thorough review of the documents, which is the data collection process. The relevance of the documents can also help determine the authenticity

and credibility of the documents as source material. The documents must be seen in their original context. By viewing the document in its original context, we can decide if a text is authentic and if the content is credible (Grønmo 2004: 190).

The final part of the data collection process, which also overlaps with the analyses of the data, is extracting the relevant information from the documents. When the relevant information is identified and registered, the categorization can begin. This is where data collection and analysing the data most clearly overlaps. When different parts of the data are processed, grounds for categorizing it emerge. The overlapping of data collection and data analysis and selection of new documents all happen simultaneously. This allows the categories to be reviewed or altered as the data is collected and analysed (Grønmo 2004: 191-192). After this process is completed, it is time for the main analysis of the data as a whole.

Figure 1: The data collection process in document analysis



2.4 Problems with document analysis

One of the main problems arising in this type of analysis is that the researcher’s perspective can influence the selection and the interpretation of the data material (Grønmo 2004: 192). A narrow perspective can lead to the data selection can be skewed, and the interpretation of the data can be one sided. This can be a problem because documents that are relevant for the research question can be left out, because their contents do not fit the researcher’s perspective.

Another problem regarding document analysis is that the researcher's source-critical understanding can be flawed (Grønmo 2004: 192), and the interpretation of the data can be affected by this. The researcher can end up basing the research on documents that are not authentic or credible, which can lead to erroneous interpretations of the data material. Related to this, the authors understanding of the context in which the text was written can also lead to wrongful interpretations of it (Grønmo 2004).

Assessing the relevance of the documents by systematically evaluating the contents of the documents from alternative perspectives can solve these problems. The researcher should evaluate the contents of the documents based on the context in which it was written, in order to avoid misinterpretations of the text. A critical assessment of the authenticity and credibility of the data material is also of paramount importance (Grønmo 2004: 192-193). This can be done by evaluating the content of the data in relation to other sources and existing knowledge, and the circumstances and context in which the text was written, and an assessment of the authors presumed intentions and meanings, social functions or the readers possible perceptions of the text (Grønmo 2004: 193).

Interpretation is a central part of document analysis, and the researcher is active in all parts of the research project. Therefore, different aspects of the researcher can influence the interpretation in many ways. Personal traits, background and zeitgeist can influence the interpretation of the data (Johannessen et al. 2010).

2.5 Evaluating the study

In quantitative research projects, terms such as reliability and different forms of validity are used to control the data and methods used. Yin argues that the same terms should also be used for qualitative research (Yin 2009: 40). Guba & Lincoln on the other hand argue that qualitative studies have to be evaluated differently, and use credibility, dependability, transferability and confirmability to determine the quality of qualitative research (Guba & Lincoln 1981). Johannessen et al. (2010) argue that one should not choose either-or, but use different evaluation methods depending on what best suits the specific research project. Sometimes the validity and reliability used in quantitative studies can be useful also for qualitative studies, and other times other criteria can be useful (Johannessen et al. 2010: 229). Creswell (2013) also recommends using multiple validation strategies for qualitative research (Creswell 2013: 250). While Grønmo (2004) argues that even though different terms and strategies are sometimes used, the same kind of assessment of the data are required regardless of what strategy is used.

2.5.1 Reliability (Dependability)

Reliability is concerned with the data used in a research project. What type of data is collected, how the data is collected and how the data is used (Johannessen et al. 2010: 229). In quantitative research projects, reliability is critical. Reliability can be tested by doing the same study on the same control group at two different occasions. If the results are the same, the

reliability is good. This is known as test-retest reliability (Johannessen et al. 2010: 40). The reliability of a research project also increases if the results are closely matched by other researcher's results on the same data material (Johannessen et al. 2010, Yin 2009, King et al. 1994). The purpose of increasing reliability is to minimize the errors and biases in the study (Yin 2009: 45).

In qualitative research, these measures are not always sufficient or appropriate. This is because it can be difficult for another researcher to get the same results in a qualitative study, because observations are often value-laden and contextual. The process of the data collection process is less structured than in quantitative studies (Grønmo 2004: 228). The researcher has his own values and experiences, and the interpretation of data can be very different for different researchers (Johannessen et al. 2010: 229). Thus, it is sometimes argued that reliability is not a good term for evaluating qualitative research, but rather use the term "dependability" (Guba & Lincoln 1989: 236-237).

Even though different terms are sometimes used, the same kind of assessment of the data are required (Grønmo 2004). I chose to continue using the term "reliability", which is commonly used in qualitative research (Creswell 2013, King et al. 1994). Documenting every step of the procedures used in a research project in detail can improve the reliability of qualitative research. This gives the reader a comprehensive description of the context, and an open and detailed presentation of the research process, this is what Yin calls a "case study protocol" (Yin 2009: 45). Another way for improving reliability in content analysis is to critically review the data material at different times or occasions (Grønmo 2004: 229). I have several times during this thesis reviewed the collected data materials, and I described every step of the process throughout the thesis to improve the reliability of the study.

2.5.2 Validity

Validity is regarded to be less precise, and more comprehensive than reliability (Grønmo 2004: 231). King et al. (1994: 25) define validity as "measuring what we think we are measuring". Regarding validity, there are some opposing views as to what is required in qualitative research. Grønmo argues that the validity of qualitative research can be evaluated using competence validity (kompetansevaliditet), communicative validity (kommunikativ validitet) or pragmatic validity (pragmatisk validitet). But internal validity, external validity and objectivity can also be used, and very often are in social science (Grønmo 2004: 234-236). Yin (2009) and Johannessen et al. (2010) argue that internal and external validity are

also important in qualitative research, while Guba et al. (1989) use equivalents of internal and external validity, labelled “credibility” and “transferability”. I have chosen to follow Grønmo’s (2004: 234) recommendation to use the standard validity measures in social science research, which are internal validity, external validity and objectivity (Johannessen et al. 2010).

2.5.2.1 Internal validity (Credibility)

Internal validity, or “credibility”, is a main problem for quantitative research. Does the data measure what it is supposed to measure? Under this definition, qualitative research cannot be valid, because the data often cannot be quantified and accurately measured (Johannessen et al. 2010: 230). Internal validity can also be used to evaluate qualitative research, by determining if the data and methods used are relevant to answer the research question. The internal validity will be low if the data and methods used do not successfully comply with the purpose of the study and reflects reality (Grønmo 2004: 220-221). This is the only form of validity used by King et al. (1994).

Qualitative research is characterized more by “depth” than by “width”, and can therefore potentially achieve high internal validity if it is performed correctly (Grønmo 1985: 128). The main area of study in this project is arguments. The arguments from basic income are derived from different authors writing about the subject, both from scholarly sources and from newspapers and internet articles. The arguments from the old age pension debate and the child benefit debate are gathered from government documents and parliamentary debates, as well as party programs and scholarly sources. Arguments do not “measure” anything, but they are all compliant with the research question of this thesis. I would characterize this study as “deep” and detailed, and would regard the internal validity of this study to be good.

2.5.2.2 External validity (Transferability)

External validity, or “transferability”, evaluates to what extent the results from a research project can be generalized to apply for a larger population, other cases, or if it is only applicable to the specific objects of research (Johannessen et al. 2010: 230). In quantitative research, the results can be statistically generalized, but this cannot be done with results from qualitative research. With regards to qualitative studies, some researchers would rather use the term “transferability” (Guba et al. 1989: 241). A study’s transferability depends on whether a description, term, interpretation, explanation or theory that can be used in other areas than the

one studied. The external validity of the results from this research project is low, as the results from this qualitative study can only account for these specific cases.

2.5.2.3 Objectivity (confirmability)

It is expected that researchers bring a unique perspective into the research they perform. But it is also important that the results are a result of the scientific research, and not a result of the researchers subjective beliefs (Johannessen et al. 2010: 232). This is the purpose of evaluating the objectivity, or the “confirmability” of a research project (Guba et al. 1989: 242). Objectivity is evaluated by testing to what degree the results of the research can be confirmed by other researchers doing a similar study? There are a few ways to secure objectivity during a research project. It is important that the researcher discloses and describes all decisions made during the research project, so that readers can follow and assess these. It is also important for the researcher to be self-critical to how the research is conducted, and disclose personal prejudice, experiences or other perceptions which can affect the interpretation or approach in the project (Guba et al. 1989: 243). The objectivity of a project can also be improved by evaluating if the interpretations or results can be collaborated by other literature, or if it is confirmed by the informants in the study (Johannessen et al. 2010: 232).

I consider the objectivity of this research project to be high. Because all the literature on basic income is readily available, and I have tried to include all the different viewpoints and arguments found in the literature. The other data, are empirical and historical, and regarding the child benefit and the old age pension, many similar results have been found in previous studies and projects (eg. Pettersen 1987, Hatland 1992, Hatland, Kuhnle & Romøren 2011).

“A certain small income, sufficient for necessities, should be secured for all, whether they work or not” (Russell 1919: 110)

3. Basic income

3.1 Introduction

Basic income is the simple idea that everyone should receive a small income, to secure their most basic needs, and enable them to function properly in society. This idea is not a new idea; it has been around for a long time. Thomas Paine is believed to be one of the first proponents for a similar scheme when he in 1795 wrote:

“To create a National Fund, out of which there shall be paid to every person, when arrived at the age of twenty one years, the sum of fifteen pounds sterling, as a compensation in part, for the loss of his or her natural inheritance, by the introduction of the system of landed property: And also, the sum of ten pounds per annum, during life, to every person now living, of the age of fifty years, and to all others as they shall arrive at that age” (Paine 1797: 3).

Many different people have proposed basic income in many different variants, for many years. It has often been brought up in some form in historical settings where unemployment, hunger, and poverty have become too extreme, and when the difference between rich and poor has become too large (Øyen 1981). Since about the 1960’s however, the literature on the subject has become vast. Basic income has become the topic of study of political science, sociology, philosophy, economics, psychology and other fields of research (Widerquist et al. 2013).

Basic income refers to a system of (re)distribution of capital to every citizen of a political community, often proposed financed through some form of taxation. Implementing a basic income can potentially cause major societal changes, and different groups will benefit, depending on how it is designed. Ideologically, basic income can be appealing to socialists and libertarians, as well as everyone in between. It may be appealing to different people for different reasons. To get into a more detailed discussion about basic income, it is necessary to provide a suitable definition.

3.1.1 Definitions:

Many different variants of basic income have been proposed through the years. Many of them are similar, so there is some consensus regarding what the main characteristics are. Here I will provide a few different definitions to clarify.

Maybe the most influential author on the subject, and founding member of the Basic Income Earth Network (BIEN), Philippe van Parijs, defines basic income as

“An income paid by a government, at a uniform level and at regular intervals, to each adult member of society. The grant is paid, and its level is fixed, irrespective of whether the person is rich or poor, lives alone or with others, is willing to work or not. In most versions – certainly in mine – it is granted not only to citizens, but to all permanent residents” (Van Parijs 2001: 5).

The Basic Income Earth Network (BIEN), an international organization network for the promotion of basic income, defines basic income as follows:

“A basic income is an income unconditionally granted to all on an individual basis, without means test or work requirement. It is a form of minimum income guarantee that differs from those that now exist in various European countries in three important ways:

- It is being paid to individuals rather than households
- It is paid irrespective of any income from other sources
- It is paid without requiring the performance of any work or the willingness to accept a job if offered” (Basic Income Earth Network 2011).

Guy Standing, Co-Founder of BIEN, and Professor of Economic Security at the University of Bath, uses the following definition in his book from 2009:

“The proposal is that every citizen, or legal resident, should have a right to receive a monthly basic income, either as a tax credit or a cash payment. It would be given to each person individually, regardless of age, marital status or work or labour status, and would be fully portable, being paid wherever the person was living in the country”(Standing 2009: 299).

The Global Basic Income Foundation, who argue for a global basic income managed by the United Nations use this short and open definition: “a global basic income is a guaranteed minimum income that is given unconditionally to all people in all countries” (Global Basic Income Foundation 2011).

Daniel Raventós, professor at the University of Barcelona and advocate for basic income on the grounds of republican rights, defines basic income as follows:

“Basic Income is an income paid by the state to each full member or accredited resident of a society, regardless of whether he or she wishes to engage in paid employment, or is rich or poor, in other words, independently of any other sources of income that person might have, and irrespective of cohabitation arrangements in the domestic sphere” (Raventós 2007: 8).

Here I have presented five different definitions of basic income. What they all have in common is their claim that no conditions must be placed on its recipients. The universal and unconditional aspect of basic income is important, and may be the most controversial. Some proponents have argued that some conditionality can be placed on the recipient. Usually the suggested conditions are that the recipients should at least engage in some form of societally useful participation, like Atkinson’s “Participation income” (Atkinson 1996). Guy Standing suggests that if there must be conditions attached to basic income, to help legitimize it, it should be an obligation to participate in socio-political life. If conditions are attached however, it does not fit the ideal of a basic income. Therefore, conditions should only be attached temporarily to make the scheme more acceptable, and improve its chances of implementation (Standing 2009: 322).

3.1.2 Similar proposals

Basic income has been around in academic and political discussion for many years, under many different names, and different proposals. Other terms that are often used instead of, or confused with, basic income can be: universal basic income (UBI), guaranteed income, minimum income, demo grant, basic income guarantee, participation income, negative income tax, social dividend, citizen’s income, territorial dividend, citizens wage. Many different concepts and proposals can mean the same thing. Nevertheless, some of these proposals are something different from a basic income. Many of these concepts are forms of minimum income support, or a minimum income guarantee.

For example a negative income tax (NIT), which is a popular alternative, is a proposal often associated with Milton Friedman and his book “Capitalism and Freedom” from 1962 (Friedman 1962). This is a system where anyone who earns less than a politically defined minimum receives a tax refund, and anyone who earns more than the set amount pays taxes. The NIT proposal is different from the basic income proposal in the way that the NIT is paid

ex post, while basic income is paid *ex ante*. However, they are also similar, and they would have the same redistributive effect after all transfers are complete. The NIT has the advantage that one does not pay taxes and receive a basic income simultaneously. Basic income has the advantage that it provides a permanent economic security to everyone, and thereby secures intra-household distribution. It also deals better with the “unemployment trap”, which will be discussed in section 3.4.5 (Van Parijs 2004a: 15, Groot 2004).

Basic income is also different from the stakeholder grant advocated by Thomas Paine in 1795, and much later by Bruce Ackerman and Anna Alstott (1999). This is a one-time grant given to each person at the age of 18 or 21 (Ackerman & Alstott 1999). The advantage of stakeholder grants over basic income is that the grant is given in as a one-time payment, giving the recipients full freedom to spend the money how they want. The advantage of basic income over the stakeholder grant is that the basic income is paid regularly, so the recipients cannot “blow their stake” in a short period of time. At the same time basic income increases autonomy, because every person has a secured regular income (Fitzpatrick 2011).

Basic income also differs from a guaranteed minimum income, or other minimum income schemes, such as social security. Although they have similar goals, and are similar in seeking to provide a minimum income, they are different. A guaranteed minimum income typically operates by “topping up” deficient wages, which assumes some level of participation in the labour force, and attaching eligibility criteria to it, like a means test or a willingness to work criteria. A basic income is simply paid to everyone, in full, regardless of other income or circumstances. This requires no control of the recipient’s income or status on the labour market. These criteria make a basic income more efficient than e.g. social security.

Most western European countries introduced some kind of minimum-income scheme during, or after, World War II (Van Parijs 2001: 8). They vary from country to country, and some are more comprehensive and generous than others. Nevertheless, they all remain conditional. The eligibility conditions also vary significantly across countries, but the most common conditions are related to age, residence, lack of financial resources and willingness to work (Frazer & Marlier 2009: 10). If the recipient is able to work, he/she must be willing to accept a job, or undergo suitable training. The recipient must also often pass a means test, and is only eligible if there are grounds to believe he/she has no access to other income. The recipients household situation also often plays a role, it matters whether he/she lives alone, with a person who has a job, or with a jobless person (Van Parijs 2001: 8). There is also a clear trend in many states to

make eligibility conditions more restrictive, and the groups most often identified as not being covered are the weakest groups, the homeless, undocumented migrants, refugees and asylum seekers (Frazer et al. 2009: 10).

3.2 A short history of the basic income idea:

The idea of something resembling basic income has been around for a very long time. Although there is no ancient author who has been credited with making a “proto-type” basic income, the idea has three historical roots. The idea of a minimum income first appeared in the 16th century, with the humanist thinkers, such as Thomas More (1478-1535) and Joan Lluís Vives (1492-1540), although these connections are weak (Raventós 2007). Vives argued that the government should secure a subsistence minimum to its residents, not on the grounds of justice, but on the grounds of charity. The charity should be strongly targeted at the poor. The poor on their side had to be “deserving” and express a willingness to work. These principles and similar ways of thinking are often viewed as the beginning of the “poor laws” in many countries, with means tested and often conditional benefits for the poor (Basic Income Earth Network 2011).

The second historical root of basic income can be traced back to Thomas Paine (1737-1809). Thomas Paine was an activist in both the American and French revolutions (Raventós 2007), and the first to suggest a payment to everyone on the grounds of justice (Van Parijs 1995: 45). He argued that the earth is commonly owned, and persons who cultivate land therefore must pay a “land-rent” to those who do not have access to their own land. This idea has developed into the “stakeholder society” which Ackerman & Alstott have developed further (Ackerman et al. 1999).

Another prominent figure who proposed ideas that more resemble a basic income was Charles Fourier (1772-1837). Labelled as a “utopian socialist”, he argued that the non-universality of poor-relief was wrong. Fourier argued for the absence of a work-test, and that a substantial minimum should be secured for everyone as an unconditional entitlement, because the poor did not enjoy access to, and free use of, natural resources which were owned by the wealthy land owners (Basic Income Earth Network 2011).

Until the beginning of the 1900’s there was no serious discussion on what we now know as a basic income. The third historical trajectory of basic income could have started when Bertrand Russell offered a strong plea for a guaranteed income in his “Proposed Roads to Freedom” originally published in 1918 (Russell 1919). The idea was discussed seriously in party

conferences in the UK in the 1920's (Widerquist et al. 2013). The same year, a British engineer Dennis Milner published a pamphlet entitled "Scheme for a State Bonus" (Milner & Milner 2004). Here he argued for an income paid unconditionally on a weekly basis to all citizens of the United Kingdom. The weekly payment was supposed to be a measure to abolish poverty. He also argued against a work requirement on the basis that all citizens had a right to be secured a means of subsistence from the state. The proposal was rejected by the Labour Party in 1921 (Van Trier 1995).

In 1943, Juliet Rhys Williams proposed a New Social Contract (Rhys-Williams 1943) as an alternative to the Beveridge report (Beveridge 1942). She argued for a weekly payment conditional upon a work test, but she supported tax and benefit integration, which gives her a role in the history of basic income. The integration of taxes and benefits caught the attention of Milton Friedman, who designed the NIT scheme partly under her influence (Fitzpatrick 1999: 42).

It was not until the 1960's and 1970's that basic income became a popular topic in many industrialized countries in Europe and the United States of America. Ideas of a guaranteed income were proposed by many academics, and also among Nobel Prize winners, such as James Meade, Jan Tinbergen, James Tobin, Gunnar Myrdal, Friedrich Hayek and Milton Friedman (Widerquist et al. 2013). James Tobin convinced US presidential candidate George McGovern to promote a form of basic income, then labelled "demogrant" in his 1972 presidential campaign, which was also one of the main reasons he lost the campaign (Van Parijs 2004a: 12, Sheahen 2012).

The contemporary idea for basic income in Europe today may have started in Denmark and the Netherlands in the 1970's, where the leftist parties regarded basic income as a fair redistributive mechanism. In 1986, a group of academics and other basic income activists gathered in Belgium, and formed the Basic Income European Network (BIEN), which became a platform for exchange of information about basic income in Europe. This is when the term "basic income" became the standard term to use. Before this, English speaking people were used to the term "social dividend" (Miller 1986). In 2004, the network expanded and changed its name to Basic Income Earth Network. National affiliates have been created in many countries since then, in Norway the national affiliate organization was recognized by BIEN in 2012 (BIEN Norge 2013).

3.2.1 Basic income in Norway

The basic income proposal has been popular among European left-liberal parties and green parties, first in the Netherlands and in Denmark, but it has later spread to similar parties many places in Europe (Van Parijs 2001). In Norway the proposal was for many years associated with the Norwegian Liberal Party (Venstre), who had basic income (borgerlønn) on their party program for many years since it was first mentioned in the party program for 1985 (Venstre 1984). They removed it from their party platform in 2013² (Venstre 2012). Two parties in Norway today have basic income on their party platforms, the Green Party (Miljøpartiet de Grønne) and the Red Party (Rødt). The former leader of the Labour Party (1975-81) Reiulf Steen has shown support for a basic income, on the grounds that the Norwegian welfare system was too complicated (Velle 2004). However, it has not been a popular topic in election campaigns and debates, as it has in other countries such as Australia, Belgium, Canada, Germany, Ireland, the Netherlands, the UK and the US.

Other ideas have had more success in Norway, such as the idea of a “caregiver wage”, a wage given to people who provide some form of care. Already in 1919 Katti Anker Møller, a Norwegian feminist argued for a “mother’s wage” given to all mothers, to help cover the expenses related to childcare. She stated that women should stop working without payment, and that mothers should be able to exist without the support of a man (Øyen 1981: 23). The value of care work is also a topic which gave the inspiration for the term “rationality of caring” (Wærness 1984). This idea has inspired other proposals for “caregiver wages” to compensate people economically for doing currently unpaid work that is useful to society, such as raising children and taking care of the sick, disabled and the elderly. Some calculations showed that it would be cheaper for the state to pay people to stay home and take care of those who need it, than to provide institutions to take care of all those who need care (Øyen 1981: 24). The Norwegian Christian Democratic Party (Kristelig Folkeparti (KRF)) is the political party in Norway who mostly support the idea of economically compensating care work in the home. The former Christian Democratic Party leader Kjell Magne Bondevik, who was Prime minister in the period 1997-2000, introduced a cash-for-care benefit (kontantstøtte) in 1998³ for parents who chose to have full time care for their children aged between one and two years. The benefit has not been increased since 2005, and has therefore lost much of its real value (Ruud & Overn 2010, Arbeids og Velferdsetaten 2013). In May 2014, acting leader

² They also suggested to means-test the child benefit, or differentiate it so that low-income earners receive a higher child benefit than high income earners.

³ In 1999 it was also introduced for children the age of two years. This was removed again in 2012, making the benefit only available for children aged between one and two years of age.

of the Labour Party Jonas G. Støre announced that he was in favour of a caregiver wage (omsorgslønn) for people who take care of their elderly family members (Johnsen 2014).

Another group of people who have had some success is artists. The state provides an “artist salary” (garantiinntekt for kunstnere), a guaranteed minimum income to some artists who are eligible. The income is given to artists to provide some income security, so they can focus more on creating art and thereby increasing their income on their own by selling their art. The income is reduced if the artist earns a certain additional income from other sources (St. meld. nr. 48 2002-2003).

In 2001 the economic analysis company ECON wrote a report for the Ministry of Social Affairs and Health, on the subject of poverty reduction (ECON 2001). In this report, they briefly discussed three different guaranteed income schemes, 1) basic income, 2) negative income tax and 3) universal social insurance. The basic income proposal they studied would replace other benefits such as student loans, child benefit, sick benefit, unemployment benefits and basic pension. The negative income tax proposal would function as a minimum income scheme, where those who earned below this set level received a “negative tax” from the government. Those who earned more than this level of income would pay a positive tax. The universal social insurance was defined as a harmonization of social benefits. Everyone not on the labour market would receive a set level of income, regardless of the reason for not being employed (ECON 2001: 16).

They found both benefits and objections of a basic income, and the other guaranteed minimum income schemes. The benefits of basic income were mainly that if a guaranteed minimum income was set at or above the poverty line, it would effectively bring those who are in poverty because of a lack of participation on the labour market out of poverty. If the guaranteed income was set at a level below the poverty line, it would not in itself compensate fully for poverty, but it could reduce the amount of people living in poverty. They also argued that the benefits of guaranteed income schemes are only fully applicable if the guaranteed income is set at or above the poverty line. If the income was below the poverty line, more administration would be needed to administer additional benefits for those who needed them. They also argued that individual payments had some benefits, but that it would be unfair to give benefits to members of a wealthy household. Further, the report states that this form of policy was less stigmatizing than policies based on individual assessment of needs, and that rights based benefits were better than being regarded as more or less deserving by the social

security system. They also argued that basic income has low administration costs and can contribute to a simplification of the transfer system. The employees in the welfare offices would be freed to focus their time and resources to supervise, help and advise the recipients, rather than controlling them (ECON 2001).

The criticisms they found was that it would be unfair to give benefits to families or people with high incomes, and that the accuracy of basic income is very low, because it is not directly aimed at the poor. They argued that without a differentiated income, a basic income could contribute to increasing inequalities, because the weakest groups would no longer be targeted for receiving help. A problem with basic income according to the report is that those with a small income would not receive more than those with a large income. Another weakness with the guaranteed income models is that they reduce the incentives to work. The report states that for a basic income, the benefit is not reduced as other income is added, but if the basic income is set at a liveable level, it would reduce people's incentives to work. This could especially be a problem with young people, who may not be motivated to get an education, because they are secured a liveable income anyway. However, they argued that negative income tax and universal social insurance give an even lower work incentive, because the benefit is reduced as other income increases (ECON 2001).

Their conclusion was that basic income set at a high enough level to live on, has a low accuracy, and reduces work incentives, and was therefore not recommended as a poverty reduction scheme. Their recommendation was that "work for welfare" programs should be more prominent in poverty reduction policies. They did however state that basic income, or the other guaranteed income schemes could have other desirable effects, for example with redistribution, and that more research should be conducted on the subject (ECON 2001: 17).

The most well-known case of debate on the guaranteed income issue may have been in 2002, after the Labour Party set a "justice committee" (rettferdighetsutvalget) led by Bjarne Håkon Hanssen (AP). The committee suggested that the government should implement a minimum income scheme, where a guaranteed income of 120 000 NOK should be secured for everyone. This amount was based on calculations from the National Institute for Consumer Research (SIFO), on how much income was needed to have an acceptable standard of living. This was to be introduced along with a big reform in the administration of the welfare state, where the different sections of social security, national insurance and employment services was to be merged into one agency (NAV- reformen). The minimum income was to be given after a

“contract” was signed, with conditions attached which were individually planned and agreed on between the agency and the recipient. Although it would not be a basic income scheme, it would be a guaranteed minimum income scheme. The organizational reform took place, but the minimum income scheme was not implemented (Ellingsen & Kraugerud 2002).

In 2006, the Department of Labour and Social Inclusion (Arbeids- og inkluderingsdepartementet) held a “poverty hearing” (fattigdomshøring). The research groups Centre for research on poverty, minimum security and social integration (Senter for studier av fattigdom, minstesikring og sosial integrasjon (FAMI)) and Group for inclusive welfare (Gruppe for inkluderende velferd (GIV)), wrote a note to be presented at the hearing. In their note they argued that the introduction of a basic income could completely remove poverty in Norway, but that this was not an instrument the Government wanted to use, and there would probably not be support in the population for this either (Fløtten, Lødemel & Pedersen 2006: 17). The same point was mentioned in a report from 2011, which states that poverty could be removed with the implementation of some form of guaranteed income, but this would not be a popular proposal in Norway, because of the strict “work-line” (arbeidslinja) in Norwegian social policy (Fløtten, Hansen, Grødem, Grønningseter & Nielsen 2011: 78-81).

3.3 Basic income: the details

Basic income has some features which deserve to be more closely examined. A basic income must be universal, unconditional, and paid regularly in cash on an individual basis. There are some variations in different basic income proposals, which will be discussed below.

3.3.1 A universal proposal

The basic income proposal is universal in the sense that every citizen or resident of a political entity has a right to the income. The principle of universality does not always mean the same thing. This is in contrast with a categorical benefit, to which everyone has a right only if they meet the criteria. This form of categorical benefit is also sometimes labelled “universal”, because everyone has a right to it, if they can be placed in the category (Janson 2000). Examples of this type of benefit can be the Norwegian child-benefit program, which all families with children receive, or the old age pension, which everyone has a right to receive, if they meet the age requirement (Kildal & Kuhnle 2005). In the case of basic income, “universal” means that it is for every citizen (or resident), and it is not aimed at any specific group, or subject to any form of discrimination.

In most cases, the basic income is supposed to be paid, and therefore funded, at a national level. Hence, a basic income is also known as “state bonus”, “national dividend”, or as in Norway: “citizen wage” (borgerlønn). It can however also be funded and paid on a regional or a global level. “Universal” can be interpreted as “global”, as the Global Basic Income Foundation does, who argue for a global basic income. The European Citizens Initiative for an Unconditional Basic Income proposes a basic income on an EU level, or a regional level. The usual meaning of universal in social policy literature, and in the basic income literature is at the national level (Van Parijs 2001, Widerquist et al. 2013, Groot 2004, Fitzpatrick 1999, Esping-Andersen 1990).

3.3.2 Basic income for whom?

After it is decided to what political level of “universality” one has decided to focus on, it has to be decided who it should be for within that political unit. It can be distributed either to all citizens, or to all residents. In the definitions above, van Parijs argues for all permanent residents, while Standing mentions all legal residents. Other definitions, like the one provided by BIEN above, does not define this, but simply states it should be “granted to all”. Daniel Raventós argues for the same criteria as is used for the universal suffrage in a country, which can be citizenship, or accredited residence (Raventós 2007: 10). Others have argued it is easier to legitimize a basic income in the public by limiting it to citizens only (Jordan 2006, Bay et al. 2006).

There are basic income proposals that restrict the basic income to citizens only, because it would be easier to legitimize. Most advocates of basic income however, do not want this form of restrictive entitlement, because it could cause a deeper divide in the labour market and other inequalities between those who are entitled and those who are not (Van Parijs 2004b). Eligibility is therefore usually regarded in a broader sense, and all legal residents are covered, and it is not restricted to full national citizens only. The criteria for receiving the basic income may be restricted to a minimum length of residence, the same conditions currently applicable for tax purposes, voting rights, or some combination of these. A basic income is usually regarded to include all people who have a sufficient length of legal residence (Van Parijs 1995: 34).

3.3.3 An unconditional benefit - no means test or work requirement

When comparing the basic income idea to existing social security or welfare schemes, the most “radical” difference is that basic income requires no means test. A basic income should

be paid equally to the rich and to the poor, irrespective of their income level. Under many existing schemes, a minimum level of income is specified for each type of household, the household's total income is assessed, and the difference between the earned income and the stipulated minimum is paid to each household. In this sense, the benefit is given *ex post*, after an assessment of the recipient's total income. A basic income on the other hand, is given in full to everyone, regardless of his or her income, so an assessment of the recipient's income is unnecessary. Any other forms of means are also irrelevant in a basic income scheme. Neither personal savings, the value of belongings, habitation arrangements, informal income or help from other sources affect the level of basic income received.

A basic income is meant to be a right, not a contributory benefit. As the basic income is a right for everyone, it cannot be restricted to those who have worked enough in the past, or paid enough in social security contributions to be entitled to social security benefits. Basic income also differs from work-subsidy schemes, or in-work benefits, which are restricted to households where at least one of the members are in employment, such as the American "Earned Income Tax Credit", or the British "Working Families Tax Credit" (Van Parijs 2004b: 17).

A basic income must not only be paid irrespective of past or present work performances, but also irrespective of the willingness to accept a job. This is a radical break with many existing social policy schemes, which almost always are restricted to people who are willing to accept a job, undergo training to become more attractive for employment, actively look for a job, or some other useful activity (Van Parijs 2004b: 17, Frazer et al. 2009, Hatland 1992). This is also true in Norway, where basic income very much collides with the "work line" (arbeidslinjen), which is prominent in Norwegian social policy (NOU 2011:7: 45). A basic income scheme will not be conditional upon any requirement, or test, but be paid as a right of citizenship, or permanent residency (Van Parijs 2004b, Standing 2009: 299).

3.3.4 The same amount for everyone?

One of the important aspects of basic income is that it is paid at a uniform level. This means the same amount for everyone. But different basic income proposals have variations on the amount paid to different groups, usually children and the elderly. The most challenging group is often thought to be children. Some proposals restrict the basic income to adults, but there can also be some differentiation of the basic income, with a lower level for children, and maybe a higher level for the elderly.

Most basic income proposals are for the adult population, although most of these proposals are accompanied by a child-benefit system. Other view basic income as a right from birth, and hence does not differentiate towards children, while other proposals give a smaller payment to children within the basic income scheme. The basic income or child benefit for children may or may not be differentiated by the number of children, or it may increase with the age of the child, where the full basic income is only awarded once the child reaches a certain age, usually 18 or 21 (Van Parijs 2004b: 10, Raventós 2007: 9).

The same can be said for the elderly. Some see the basic income for those who have not reached the retirement age, where the basic income would be replaced by a universal old age pension, which is pitched at a higher level than the basic income. Other suggestions have the basic income for pensioners as well, but at a higher level than for the rest of the population. In any case, the basic income for the elderly can be accompanied by additional public or private pension schemes, savings or employment (Van Parijs 2004b: 11).

3.3.5 To each his own: individual payments in cash

Basic income has to be paid in cash on an individual basis, which also differs from existing policies in most places. A basic income must be paid in cash, rather than in kind, to prevent any restrictions as to its use. This means that it cannot be paid in other services such as food stamps or government housing. In its simplest form, basic income should be paid in cash as a replacement for all existing welfare benefits, and public programs, such as health services, education, housing assistance, and so on, to provide the recipient with the highest degree of autonomy. This is often criticized because most people would want some form of insurance against sickness and needs some form of education and other basic services (Pateman 2004). In most cases, a basic income is proposed in addition to other in kind benefits such as free education and health services (Van Parijs 2004b: 8, Van Parijs 2001).

It is also important that it be paid on an individual basis, and at a uniform level. It can be seen as especially important for women that the basic income is paid on an individual basis, and not to the head of the household, because it can in some cases increase the bargaining power of a dependant woman in a household (Alstott 2001). Many existing welfare schemes, such as the universal old-age pension in Norway, is reduced if the recipient is married or living with another person (Folketrygdloven). To take account for the fact that the cost of living per person is reduced with the size of the household, existing minimum income schemes grant a smaller income to members of a couple than to a person living alone (Van Parijs 2004b: 11).

Basic income will remove the need for control of habitation arrangements, and be paid at a uniform level to each individual in society.

3.3.6 How much money for each? Distribution vs. redistribution

The level of basic income differs in different proposals, however most proposals do not suggest a specific amount. Van Parijs argues for the highest sustainable level of basic income (Van Parijs 1995: 33), and this would inarguably vary from country to country. A usual proposal however is an amount which is sufficient to live on, or set at the poverty line (Fitzpatrick 1999). An income, which is not sufficient to live on, is often called a “partial” basic income. But as van Parijs mentions, the “basic” in basic income is only meant to convey a basis for which all other income is to be added, and is therefore not tied to some notion of “basic needs” (Van Parijs 1995: 30-31). Introducing a low level of basic income and eventually increase it over time has also been suggested. This is known as a “transitional basic income”, and it is seen as a stepping stone towards a full basic income (Fitzpatrick 1999: 36). Others argue that for the basic income to be effective, it has to be introduced at a level which can provide a “modest but decent level of life” (Pateman 2004: 92).

A basic income can be financed through specific taxes, through general taxation, or through investment (Van Parijs 2004b: 10). Some specific taxes which have been suggested for financing a basic income are; taxes on land or natural resources (eg. Robertson 1999, Tideman & Vallentyne 2001, Van Parijs 1995), an expanded value-added tax or consumption tax (eg. Madrigal & Pérez 2008), taxes on pollution (eg. Meade 1995), or taxes on speculative investments or on transfer of information (Van Parijs 2004b, Soete & Kamp 1996). All of these specific tax proposals would cause some degree of redistribution between different groups. This would also be the case if a basic income was financed through regular taxation and other sources along with all other government expenditure. Other proposals follow the model of Alaska’s dividend scheme, which is funded out of part of the return on a diversified investment fund which the state builds up from its royalties on state owned oil supplies (Goldsmith 2010). A similar proposal was fronted by James Meade, who proposes a social dividend funded out of the return on publicly owned public assets (Meade 1993, Meade 1995). These kinds of proposals for financing and paying a basic income would have a distributive effect rather than a re-distributive effect, because revenue from a publicly owned resource would be distributed amongst the eligible recipients, rather than taxes paid by some, to redistribute to others.

3.4 Why basic income?

There are many reasons for why basic income is argued to be a desirable social policy. There are principled arguments for basic income, based on normative conceptions of freedom and justice. There is also a large amount of literature on each of these themes, triggering a great academic debate. The main attractions of basic income are that it would be more effective than the existing social security system at guaranteeing a minimum income for all, it would reflect the equal status of all, and it would eliminate or reduce poverty. It would remove the poverty and unemployment traps, it would enhance individual autonomy, and it would create a simpler system, making it easier to understand and easier to administer. These arguments can be seen as pragmatic arguments for promoting social justice and also efficiency, security, dignity, empowerment and choices (Fitzpatrick 1999: 4).

In addition to these reasons, I would also add that there are arguments for a basic income attached to the dignity of the recipients and promotion of flexible labour markets. There have also been arguments fronted from feminist and green points of view, arguing that a basic income has the potential to improve equality between the sexes, and that it can change society away from an “economic growth” focus, towards a more sustainable society (Van Parijs 1992: 26).

Many of the arguments used in the basic income debate are often categorized as “egalitarian”, “libertarian” or “conservative” to place them in an ideological tradition (eg. Raventós 2007, Fitzpatrick 1999). There are supporters of basic income from all positions on the ideological left-right dimension, and the arguments are often presented as such. Some of the arguments used are clearly ideological, and other supporters of basic income will disagree with these arguments, although they agree on the idea of basic income. Fitzpatrick (1999) argues that on a theoretical level, there is wide support for the basic income idea, because there are arguments in favour of a basic income from different ideological perspectives. But if an attempt was made to create a basic income policy, no political agreement would be found, because a basic income proposed by the right would be very different from a basic income proposed by the left (Fitzpatrick 1999: 5).

I will now provide an overview of, and a closer look at, the arguments for a basic income. The arguments are placed in categories to try to provide a structured presentation. Although many of the arguments can be placed in more than one category, and both the arguments and the categories may overlap, the categorical presentation is considered useful.

3.4.1 Freedom and justice

The freedom debate examines if and how a basic income can affect individual liberties and personal freedoms that society should protect (Widerquist et al. 2013: xxi). The most cited work in this debate may be Van Parijs's influential real-freedom argument, where a basic income can provide every individual with "the real freedom to whatever one might want to do" (Van Parijs 1995: 23). There are also other freedom related discussions. Friedman (1962) discussed whether a form of basic income can free the poor from an intruding and paternalistic welfare state that puts them under constant supervision. Fromm (2013) discussed whether basic income can enhance individual's well-being. Republican theorists have also embraced the basic income idea, and discuss whether a basic income can enhance the freedom of wives and employees by freeing them financially from any dominating powers husbands or employers might have over them (Pettit 2007). Another freedom-based justification for basic income comes from Widerquist (2011), who argues that the ownership of natural resources by either a state, or private owners, effectively forces the property-less to labour for those who control the resources. To him, a basic income would allow people to be freed from forced service, by having "effective control of self-ownership" (Widerquist 2011: 389). With the security an unconditional regular income provides, people have greater freedom to exit economic relationships which are not satisfactory (Fitzpatrick 2011).

In addition to the freedom debate, there is a very closely related debate on theories of justice and basic income (eg. Widerquist et al. 2013, Raventós 2007). These justice-related debates focus on presenting basic income from different important theories of justice and examine justice-based arguments for basic income. The most influential justification for basic income is Van Parijs's "real libertarian" justification, which is heavily based on liberal-egalitarian values of rights, liberty and equality (Widerquist et al. 2013: 40, Van Parijs 1995). Real-libertarianism is an attempt to remove unacceptable inequalities produced by capitalist societies, without it affecting freedoms. Van Parijs (1995) argues that this is best done fairly with a basic income at the highest sustainable level (Pateman 2004, Van Parijs 1995: 1, De Wispelaere 2000). But there are also defences of basic income based on other values and traditions, such as both right-, and left- libertarianism (Tideman et al. 2001, Murray 2008, Steiner 1992), Marxism (Van der Veen & Van Parijs 1986, Howard 2013), Liberalism (Zwolinski 2012), Communitarianism (Jordan 1992), Conservatism (Murray 2008), Republicanism (Domènech et al. 2007), and democratic theory (Pateman 2004). Some have used Rawls's "A Theory of Justice" (Rawls 1971) to justify a basic income (eg. Vanderborcht

& Van Parijs 2005: 74) , but Rawls himself has dismissed that his theory of justice admits of a basic income (Rawls 1988). Others have used the libertarian theory of Nozick (Nozick 1974) to justify a basic income (eg. Steiner 1992, Vallentyne 2012, Van Parijs 1992: 9-10). An interesting feature of basic income is that it can both unite people who subscribe to very different political theories, and divide people who subscribe to similar theories (Widerquist et al. 2013: 40). Much of the defences and criticism are related to whether basic income can justly be a right of citizenship, and whether citizens should be unconditionally entitled to sufficient resources to cover their needs.

3.4.2 The feminist arguments for basic income

There are feminist discussions on basic income, and feminists are deeply divided on the possible effects of basic income on gender equality (Widerquist et al. 2013: 142). The normative discussion on feminist issues focuses on to what degree basic income can improve economic independence of women, if it can improve the real freedom of women, and whether it can improve the overall situation for women or not (Robeyns 2000). Ann Withorn (2013) argues that basic income can be especially favourable to women, since it would provide increased autonomy by offering income security. On the other hand, Ann Orloff (2013) argues that feminists should not be in favour of basic income, because it might provide good reasons for women to stay at home instead of being employed. Carol Pateman (2004) argues that a basic income has the potential to reduce “freeriding” of men on women’s unpaid labour in the home (Pateman 2004: 99). Anne Alstott (2001) argues that basic income can help fill in the gaps in social programs, which leave women vulnerable. Because the link between social benefits and paid work are strong, social programs put women at greater risk, because they work more part time, spend more time on childcare, spend fewer years in the labour force and earn less on the labour market. She concludes that a basic income could reduce the gender differential in income support by establishing the same income floor for men and women (Alstott 2001).

Tony Fitzpatrick argues that basic income would not be too attractive for feminists who prefer a “universal caregiver” approach to gender equality, which the Scandinavian countries have embraced (Fitzpatrick 1999: 175). The Scandinavian countries have gone for an employment-based strategy for promoting women’s interests, which suggests that full employment is the means to social stability and personal fulfilment (Fitzpatrick 1999: 175). If however, job opportunities are lacking and unemployment is high over time, basic income may be a good way of improving the lives of women (Fitzpatrick 1999).

3.4.3 The green and post-productivist arguments for basic income

Somewhat related to the feminist debate, is a post-productivist debate. Many of the green parties in Europe are sympathetic towards basic income, and see it as a step towards a more ecologically concerned society (Van Parijs 1992: 26). Another view of post-productivism is that paid work, or production, should not be a central pillar of society any more, and that full employment is undesirable, and if not undesirable, it is an unattainable political goal. Supporters of this view argue that a post-productivist social policy would value unpaid activities and leisure time over formal employment, and would give more opportunities for citizens to choose their life options outside of the conventional labour market (Widerquist et al. 2013: 60). Tony Fitzpatrick argues that in an ecological perspective, basic income must be part of a “Green policy package” (Fitzpatrick 1999: 201), consisting of four parts. The other three parts are land and energy taxes, working time reductions, and the expansion of informal exchanges in the third sector (Fitzpatrick 1999).

The green movement often argues against productivism, or the obsessive pursuit of economic growth (Van Parijs 2004a). Economic growth through increasing production can lead to more pollution, and therefore the green movement opposes it. Redistribution through basic income could reduce the need to increase production and economic growth to achieve full employment, and further damage to the environment. Once the well-being of the neediest is no longer dependent on economic growth, society can focus on questions of sustainability (Clark & Kavanagh 1996: 403). Philippe van Parijs argues that the green case for basic income is not in its effects on production, growth or for an ecological economy, but for its option for a free-time oriented option, in living life outside of traditional employment. This free-time option could contribute to less materialism, and less consumption. But most importantly, it could give people the opportunity to live their life as they wish, even if it differs from the pattern the market rewards (Van Parijs 2013).

Post-productivists often argue that society is no longer dependent upon measurable productive work (Widerquist et al. 2013: 260). Among others, Claus Offe (1992) argues that a basic income should replace the post-war political goals of full employment. The reasons for this include the crisis of traditional models of family, of collective actors, social security programs, and contributory welfare programs. He argues that the only solution to all these problems is some form of basic income (Offe 1992). Robert Goodin (2001) describes a post-productivist welfare regime, which he compares to the more well-known “productivist” welfare regimes, like the liberal-, the corporatist-, and the social democratic welfare regimes.

While the productivist welfare regimes all focus on having a close connection between employment and welfare, the post-productivist welfare regime will try to disconnect welfare from work, making it possible to supply welfare to everyone without formal full time work (Goodin 2001b).

3.4.4 Social justice and dissatisfaction with existing systems

There are more risks related to personal security now than before. Traditional social relations such as families and workplaces have become more unstable, lifestyles have become more individualistic and diverse, and relationships and careers have become more unstable and diverse (Hacker 2006, Raventós 2007). Traditional security systems are often designed to presume lifelong work history and more stable family relations, and are not designed to handle all these new challenges. A basic income would be better than existing policies at giving everyone more personal security and better match individual requirements. Existing welfare policies are often designed to match the needs of households with at least two people, but households of single persons have become more normal. A basic income is by definition designed to give security to the individual, and is therefore better matched to secure against individual risks (Solberg 1995, Alstott 2001, Standing 2009).

One argument is that a basic income scheme respects people's privacy. Current systems often require control of people's private lives, to ensure that only those who are deserving and needy receive benefits. This requires great insight into the lives of the recipients, and also some control, monitoring and regulation of their behaviour. With a basic income, the state would not care whether a recipient is cohabitating with someone, whether she is married or not, has a job or any other form of income, or if the recipients are active in other forms of activity or non-paid labour. In other words, a lot of the administration concerned with these issues are unnecessary with a basic income, and could be removed (Fitzpatrick 1999: 52).

Another problem with many existing systems is the "social division of welfare" (Titmuss 1963). This idea describes the division of welfare between "state welfare" and "fiscal welfare". State welfare is the benefit system, which attempts to improve well-being by delivering goods to people. These goods are often directed at the poor. Fiscal welfare is a more "hidden" part of the welfare system, which attempts to improve well-being by deliberately failing to derive resources from people. This distinction is important, because they are regarded differently. The state welfare programs, such as cash transfers, are often classified as expenditures. They are thereby regarded as a drain on state resources, and the

recipients (the poor) end up being a “burden”. On the other hand, fiscal welfare such as tax relief is often classified as “forgone revenue”. These “benefits” are usually regarded as positive, and does not usually attract as much attention. A basic income could increase the awareness to the fact that most people actually receive some form of welfare from the government (Titmuss 1963, Fitzpatrick 1999, Ervik 2000).

Professor Erik Brynjolfsson and Andrew McAfee have in their studies found that the correlations between GDP and employment, which have been closely correlated since 1947, have been “decoupled” since around year 2000 in USA. The productivity, or GDP has carried on rising, but the rate of private employment has not followed. New jobs are being created, but not enough to catch up to the unemployment rate. In addition to this, the average household income has also been declining, and the average American household now has a lower income than it did in 1997. “Wages as a share of GDP are now at an all-time low, even as corporate profits are at an all-time high” (Brynjolfsson & McAfee 2013: 62). According to their research, this is because of the changing nature of technological progress, in addition to other explanations, such as the effects of globalization, offshoring, and tax and policy changes (Brynjolfsson et al. 2013). A basic income could contribute to a more equal distribution of capital in society, by redistributing some of the increased profits to all members of society, so that everyone can benefit from the overall production growth.

3.4.5 Administrative issues and economic control

The administration apparatus in many welfare states and the rules guiding them have become very complicated, and it is not always easy for regular people to claim their rightful benefits, and navigate through the system. A comprehensive administration is often needed to keep the system functioning. A basic income could make the system simpler, requiring less administration. In addition, the expenses related to social policy are large and divided into many different policies, and it can be difficult to get an overview of the total redistributive effects, and of the total costs. A basic income would provide a simpler system, making it easier to control the total costs, and of the redistributive effects, whether the goal is to increase or decrease the redistributive effects of the system. (Øyen 1981: 16)

A basic income would also decriminalize a lot of activity that is against the law within the existing means-tested benefit systems. For example, it is not easy to combine receiving benefits and receiving an income. If a recipient of a benefit receives an income, and declares this earning, benefits are often reduced or withdrawn. This could lead to a situation in which

the cost of accepting a job would be higher than not accepting the job and only receive the benefit. This is known as the “unemployment trap”, and is closely related to the “poverty trap”. With a means test system, where the money earned by a recipient is withdrawn from the benefit, the recipients are forced to choose between inactivity, working- but losing most of the earned money because the benefit is reduced, or not declare the income-, which is illegal most places. Once people are stuck in the net of means-tested benefits, they have little incentive or opportunity to add to their incomes (Fitzpatrick 1999).

A basic income would have an enormous effect on the take-up efficiency of benefits. Because it is given to all, there would be no complicated process for signing up, or knowledge needed to apply. Many social security systems today are complex and often difficult to grasp, which can create a barrier for people who need help to apply for benefits. With a targeted social security system, or other benefits, a situation could occur where only the resourceful receive the benefits, because they know that they have a right to them and how to apply for them. This is shown in Norwegian media, every time The Norwegian Labour and Welfare Administration (NAV) lose a court case against resourceful recipients who know their rights (Heggen 2013, Nilsson 2012, Hansen 2010). In Norway, it is also likely that many people with little or no income do not apply for social security for different reasons. This can be because they do not know what rights they have, or because it is regarded as degrading and stigmatizing (Fløtten et al. 2006). A basic income would simplify the system, making it cheaper and more effective to run, and it would drastically improve take-up of benefits. The universal and unconditional aspects of a basic income could therefore lead to a reduction of the public sector, because much bureaucracy needed to control recipients and administer payments would be reduced (Van Parijs 1995, Raventós 2007).

3.4.5.1 Makes work pay

According to Barry (2005: 211), means testing creates welfare dependency. The problem however is not the existence of welfare benefits, but the form it takes. In traditional means tested schemes, the benefit is reduced as other additional income is earned. This gives a job a very high marginal tax rate. The marginal tax rate can be as high as 100 percent. This happens when every unit of income earned, subtracts a unit of income from the means-tested benefit, thereby the total income is not increased, even when work is performed. This can lead to the return of the effort of working being too small, making the opportunity costs too high. This creates a work disincentive, because the increased income gain is not enough to compensate for the increased work effort and associated costs (Standing 2009: 139-140). This problem is

also relevant for benefit recipients in Norway, where in some cases the marginal tax rate can be 100 percent (Fløtten et al. 2006). This is what is known as the “unemployment trap”, or the “poverty trap”, or “welfare dependency” (Barry 2005: 211). With a basic income, additional income is not penalized by a reduction of the basic income, thus all additional income earned, gives a real increase in income. This gives lower opportunity costs through a better incentive to work and one does not have to become a criminal to increase income through labour (Barry 2001: 65, Fitzpatrick 1999: 52). An unconditional benefit makes work pay, more than a means-tested benefit because all income is added to the basic income.

A problem with means tested benefits are the high withdrawal rates on income. Because the benefit is reduced as income is earned, means testing can be a disincentive to report earnings. A lot of benefit fraud takes the form of unreported income, because it is attractive for benefit recipients to not report their earned income (Barry 2005: 210). This type of welfare fraud is also common in Norway. Welfare fraud is regarded as the worst kind of fraud, because it is regarded as a “double fraud”. The welfare recipients who do not report their income are both receiving a benefit they are not entitled to and at the same time working without paying taxes on their undisclosed income (Arbeids- og velferdsetaten 2014).

A further objection to means testing is that it also often involves asset testing, which removes incentives for the recipients to save money. The problem is similar to the unemployment trap. Asset testing of the recipients discourages personal savings, because personal savings can make them ineligible for receiving benefits. Only an unconditional income can solve the problems related to the income-, and savings-incentives (Barry 2005: 211, Van Parijs 2004b).

In addition to removing disincentives to find employment through the removal of the unemployment trap, a basic income could give workers a better incentive find a job. By giving workers an unconditional income, it increases their bargaining power in relation to their employers. The less intimidating the prospect of being unemployed is, the more choosy workers can be. This in turn will cause employers to make their jobs more attractive to attract workers, either with more pay, or more attractive in other ways (Barry 2005, Van Parijs 1995). This will give workers more bargaining power over their employers, potentially making workplaces better and more attractive. With a basic income, unattractive jobs would either have to be made more attractive by improving working conditions, or increase the pay. Another solution is that these jobs would be taken by machines, and thus, basic income could also further improve technological development (Barry 2005, Pasma 2010, Van Parijs 1995).

3.4.6 Poverty reduction and the dignity of the poor

One of the most important arguments in favour of basic income is that it could have the effect of completely removing poverty (Sheahen 2012). Basic income also embodies the idea that everyone in society has a right to a minimum income, a level of which nobody can fall beneath. When the money is given as a right, rather than as a targeted benefit, fewer stigmas are attached to receiving it (Barry 2005).

3.4.6.1 Reduced poverty and reduced inequality

It is argued that a basic income could completely remove, or at least strongly reduce poverty (Van Parijs 2001: 3, Lohne 2008, Fløtten et al. 2006). This is of course dependent on the level of the basic income. It is obvious that if every citizen received an income which was at or above the stipulated level of poverty, there would be no persons categorized as “living in poverty” (Sheahen 2012, Van Parijs 2001, Fløtten 1999). Regardless of the level of basic income, it would help reduce poverty by providing a basic income to which all other income can be added, increasing the incentives for employment through the elimination of the poverty trap and possibly the bettering of low-paying jobs, making them more attractive, in addition to directly giving everyone additional income.

Another aspect of income security is that it could make people more willing to take on the risk of starting their own business, and thus help create a more innovative society (Raventós 2007). Since the basic income could keep them going with the basics, new business owners are not dependent on profit straight away, this could lead to more entrepreneurship. A basic income successfully creates a secure environment, so that entrepreneurs can know they have enough money to live on both while they are starting up, and in case the business fails (Barry 2005: 213). Poverty is often associated with insufficient economic resources (Atkinson 2002, Townsend 1979), and it is harder than before to get a sufficient income from regular employment (Sheahen 2012, Standing 2009, Raventós 2007).

Unemployment is often explained by imperfections in the market, so that it does not manage to provide a job for everyone who wants one (Van Parijs 1995: 107). One of the causes of these imperfections is often argued to be the rigidity of wages, for example minimum wage legislation, or union monopolies, causing obstacles to perfect competition. The lack of perfect competition can lead to a lack of jobs, which again leads to the market not clearing. The advantage of a basic income is that it could allow wages to fall to the market-clearing wage, because the basic income keeps them from having to live of their wages alone. This again would make people willing to accept lower wages, because any wage would be an addition

to their basic income, and not a replacement for it (Fitzpatrick 1999: 84-85, Van Parijs 1995). The combination of a basic income, and a softening of labour market policy, could create a system combined from an effective capitalist system with an income floor for the poorest at an appropriate level. Thus creating a flexible US-style labour market, and at the same time preserving the focus on social security for everyone from the European countries. Some have called this “capitalism with a human face” (Fitzpatrick 1999: 85). The effect a basic income could have on the labour market is then a more effective market, but with a focus on personal economic security.

A basic income can redistribute capital from the wealthy to the less wealthy. If the basic income is set at a high level, and financed through progressive taxation, it can have a massive redistributive effect, and allow for some people to live without having to accept a job (Øyen 1981). International comparisons show that the occurrence of low income and income inequalities are lower in countries with universal welfare coverage than countries which only have means tested social security, and countries with universal programs have more redistribution than countries that have means-tested programs (St. meld. nr. 50 1998-1999). There are also arguments for basic income on the opposite effect, and could help create a more flexible labour market, by allowing workers to work for a lower wage, because the basic income covers their necessities (Fitzpatrick 1999: 85).

3.4.6.2 The dignity of the poor

An unconditional basic income could also remove stigmatization which is often associated with receiving benefits from the state (eg. Standing 2009, Barry 2005). In many societies, it is regarded as a sign of weakness to ask for help. Applicants are often perceived to be lazy, or not able to fulfil social requirements and fend for themselves. They can also risk being perceived as parasites who do not wish to contribute to society, or as failures, for having to apply for a program for the poor and the needy. There is however, nothing stigmatizing or humiliating about receiving a benefit given to all as a right of citizenship, like a basic income would be (Standing 2009, Raventós 2007, Van Parijs 2004b).

From the standpoint of those who really need social assistance, this is an advantage in itself, because the basic income would be less stigmatizing. The problem with benefits directed at the poor, is that some people who actually need help, do not apply because of the stigma attached to it (Van Parijs 2004b). This has also been the case in Norway, that the feeling of shame is attached to being poor and receiving benefits (Nøra 2011). A study performed in

2013 found that only 13 percent of young benefit recipients are open about receiving benefits, and one of the reasons mentioned was that they were ashamed of receiving benefits (NTB 2013).

3.4.7 Compensation for lack of income

The labour market is the central redistributive arena and source of income in our society, but some argue that the market is not sufficient in supplying everyone with what they need (Øyen 1981: 16). Large groups of people do not have access to the labour market, because of disabilities, lack of skills, lack of jobs, or any other reason. This can be seen as a fault with the person, or a fault in the way the labour market is organized. If the fault is accepted to be in the labour market, a basic income can be seen as compensation to those who are not able to find a job on the labour market, and as a safety for those who have a job. John Maynard Keynes predicted widespread structural unemployment “due to our discovery of means of economising the use of labour outrunning the pace at which we can find new uses for labour” (Keynes 1931: 3), placing the fault with the system rather than the person.

In recent years, unemployment in western European countries has been high, and seemingly rising. This is specially the case for young people, who have a hard time getting a job on the labour market (Van Parijs 2004b, Østgårdsgjelten 2013). Traditionally, the problem of unemployment has been dealt with by increasing the rate of growth. Technological progress has made rate of production increasingly high. Nevertheless, technological progress and higher productivity is also eliminating many jobs, especially in the low-income section of the job market, this could cause a shortage of jobs for everyone who wants one (Van Parijs 2004a).

Collins (2013) argues that technological advancement now replaces jobs at a much faster rate than it creates new ones. This will lead to a crisis of capitalism once the structural unemployment reaches permanent levels of very high unemployment rates (Collins 2013). He argues that in the past capitalism has survived by creating new jobs, spreading markets geographically, creating meta-markets in finance, government employment and investment, educational credential inflation and hidden Keynesianism. This time there are no more “escapes”, and a big reform of the system is necessary, and will come, maybe in the mid-21st century (Collins 2013). The effect of computerisation on labour market outcomes is well documented in the literature. For example studies by Charles, Hurst & Notowidigdo (2013) and Jaimovich & Siu (2012) show that the current low rates of employment are caused by

decline in manufacturing employment and the disappearance of other routine jobs. Frey & Osborne (2013) conclude that 47 percent of current American jobs are under “high risk” of being automated, perhaps during the next two decades. The structural cause of unemployment makes it impossible for everyone to live from his or her own labour, and furthermore the opportunity to get a job is not equal for every person. Therefore, if poverty is to be alleviated, income has to be decoupled from employment (Van Parijs 1995, Standing 2009, Sheahen 2012, Pasma 2010).

Many people who are not participating on the labour market are active in unpaid labour, like work in the home or voluntary work or care work. A basic income can be seen as a compensation for labour which is not regarded as “work” (Øyen 1981). In both society at large and in the home, there are many things which have to be done that are useful to society, and which ensures that society functions the way it does. Nevertheless, many of the things that have to be done are not currently categorized as “work”, because it is not economically compensated.

Raventós mentions that three types of work are performed every day: (1) remunerated work, (2) domestic work and (3) voluntary work. Remunerated work is the kind of work that is rewarded with a salary, or what we call “employment”. This is what is usually meant when talking about “work” in today’s societies. Remunerated work is also the kind of work which can give rewards such as pensions, unemployment benefits, and other benefits which are conditional upon employment (Raventós 2007, Van Parijs 1995). If remunerated work was the only kind of work, around 75 percent of the Norwegian working-age population would perform work in 2011. This is above the EU average, where the percentage would be 64 percent⁴ (Eurostat 2012).

Domestic work is the kind of work which is carried out in the home to attend ones needs, or the needs of others. This kind of work includes “activities such as cleaning, preparing meals, shopping, and looking after children and old people along with any sick members of the family or within the unit of cohabitation” (Raventós 2007: 87). Studies show that domestic work is still mainly performed by women, although in Norway domestic work is increasingly being performed more equally between the sexes (Slagsvold & Hansen 2012). Although no undisputed calculations have been done, a report from 2009 calculated that domestic work in

⁴ This is the percentage of the population who were employed, in the age range 15-64 years in 2011.

Norway had a value equal to 24 percent of GDP⁵ (Reiakvam & Skoglund 2009). Regardless of whether domestic work is performed for the family, for a friend, or as a job, it is societally useful work. But it is only compensated and rewarded if it is performed under employment.

Voluntary work is another category of work which is very useful, but not compensated. Voluntary work is understood as “using one’s own time in unpaid activities devoted to others without coming under the rubric of domestic work” (Raventós 2007: 92). Voluntary work is important in many places for a wide range of areas. A few examples could be rehabilitation projects for prisoners, solidarity with the poor, other solidarity projects, and many cultural arrangements and organisations are dependent upon voluntary workers. In 2010 the value of voluntary work was stipulated to be equal to 3,9 percent of GDP in Norway (Statistisk sentralbyrå 2012). A basic income could stimulate volunteer work amongst those who want to contribute in a voluntary organization, but cannot currently find the time. Volunteer work for most people, cannot not be seen as an alternative to remunerated work because it is not rewarded with money or benefits.

The societal rewards of domestic work and voluntary work are enormous. Society would function less well without unpaid home, social, community and political work. Some might see the paradox in the fact that when someone is paid to perform domestic work, it is regarded as useful to society, but when the same tasks are performed without a salary, it is not valued. A basic income would not completely compensate domestic work and voluntary work with a salary, but it would allow people to spend more time on work which is not paid (Standing 2009, Raventós 2007).

3.5 Experiences from USA, Canada and Namibia

No country has yet implemented a full basic income as discussed here, but the State of Alaska has in fact got in place a small basic income for their residents. Studying the effects of the Alaska Permanent Fund Dividend (PFD) could give some indications on how a larger basic income could affect society. Between 1968 and 1980, the US and the Canadian governments conducted five negative income tax experiments. The results of these experiments can shed a light on positive and negative effects of guaranteed income. A pilot project with basic income in Namibia was conducted for two years in 2008 and 2009. The experiment had great implications, and can also highlight positive and negative effects of basic income.

⁵ Calculations were done for the Year 2000, and the population aged between 16-74 years.

3.5.1 Alaska Permanent Fund:

The Alaska Permanent Fund Dividend (PFD) fits the definition of basic income in the way that it is paid universally, on an individual basis, it is unconditional, uniform, and it is paid in cash on a regular basis. It falls short in that the amount fluctuates from year to year, and it is very short of a substantive amount, but it does account for about 6 percent of total household income (Goldsmith 2010, Goldsmith 2002). The amount for 2013 was \$ 900 (Alaska Department of Revenue 2013). The PFD was set in to action when Alaska voted to pass a constitutional amendment to establish a permanent fund. The initial purpose of the fund was to save a share of the public revenues generated from oil resources for future generations (Goldsmith 2010).

In 1982, the state decided to hand out a share of the revenues from the fund to every citizen, to ensure that all Alaskans would benefit from the states oil resources (Goldsmith 2010). The first dividend checks were paid to all citizens with residence of over six months, and the first amount was 1000 dollars. Today the law states that to be eligible as a recipient, 12 months of residency is required and in addition, an intention to reside in Alaska in the future. Currently around 95 percent of the population receives the payment each year (Goldsmith 2010, Alaska Department of Revenue 2013)

The dividend was initially not very popular in the legislature. Opponents argued that the money would be better spent on public programs, and especially investment in infrastructure. It was also feared that the money would be spent unwisely, or that it would cause people to drop out of the labour market and become economic burdens. The proponents however argued that if the money was to give benefits to all Alaskans, they themselves should decide what to spend the money on. The PFD has now become the most popular government program, and is considered Alaska's "third rail". Although the legislature has the authority to reduce the level of the payments, or stop the payments, no politician is willing to suggest a reduction in the level of the program out of fear of losing elections (Goldsmith, 2010).

Research on the PFD has not shown much on the personal level, other than most of the money went to day-to-day expenses, about 10-15 percent went to large purchases, and about 30 percent use the money for saving, or paying down on loans. On the other hand, over time, most of the money goes into the Alaskan economy, and increases employment, population and income. An estimate of the effects of increase in purchasing power as a result of the PFD, is

ten thousand additional jobs, 15 - 20 thousand person increase in population drawn to the state because of the jobs, and \$1,5 billion in additional personal income (Goldsmith 2010:11).

The social effects of the PFD have not been officially studied, so the specifics of how it affects people's lives are not certain. However, the macroeconomic effects are clearer. One important feature is that the PFD adds stability to the economy. The dividend provides an independent source of income to the economy, and provides stability where other sources fluctuate. In some areas of Alaska, the PFD directly accounts for 10 percent of cash income, and thereby ensures some form of economic stability to the area.

The fund also contributes to a levelling effect on the distribution of income. The income provided by the PFD is equal to everyone, and is taxable as personal income by the federal government. As a result it has more of an impact on the low-income group, because it accounts for more of their income than it does for the higher income groups. Economic theory suggests that, other things being equal, an unconditional income would reduce the supply of labour, and increase wages. In the 1984 study of the early PFD program, only one percent of the respondents reported that they worked less because of the PFD. The PFD is too low to live on in itself, but in addition to the public safety net benefits, such as social security, food stamps, earned income tax credit and unemployment insurance, it has helped reduce the official poverty rate in Alaska (Goldsmith 2002, Goldsmith 2010: 11-12).

3.5.2 Experiences from the Negative Income Tax experiments in the US and Canada

Between 1968 and 1980, the US and the Canadian governments conducted five negative income tax experiments. Four experiments were conducted in the US, and one was conducted in Canada. There are some differences between a NIT scheme and a basic income scheme, but the end result of both should be similar, and the results from the NIT experiments can be useful in the basic income debate. We must bear in mind that circumstances may be very different now than it was in the period these experiments were conducted.

More than 200 articles have been written on the experiments and their results, most of them were written in the 70's and 80's, but some have been written in more recent years as well (Levine, Watts, Hollister, Williams, O'Connor & Widerquist 2005, Greenberg, Links & Mandell 2003, O'Connor 2002, Forget 2011). Some articles reported positive results and found few adverse effects, while others reported negative results and found devastatingly bad effects (Anderson & Block 1993, Hum & Simpson 1993). Both supporters and opponents of a guaranteed income continue to cite the results. Although these experiments cannot amount to

a decisive conclusion either for or against the basic income, or how it affects the labour market, some lessons can be drawn from the results of these experiments.

The four experiments conducted in the USA were the first large scale social experiments to use the scientific method of randomly assigning human subjects into control groups and treatment groups, the same way medical researchers test new drugs. Some social scientists have called the experiments “experiments on how to conduct experiments” (Widerquist 2005: 51). The experiments were conducted at a time when poverty-reduction was high on the political agenda, and when many believed social policy change was moving in the direction of improving economic rights.

The first experiment studied urban populations in New Jersey and Pennsylvania, between 1968 and 1972. A second experiment was conducted in Indiana, to determine the effects of guaranteed income on single parents. A third experiment was on rural populations in Iowa and North Carolina. The final and largest experiment was conducted in Seattle and Denver, the so called Seattle-Denver Income Maintenance Experiment (SIME-DIME).

The primary objective of these experiments was to test the effects of guaranteeing an income, or rather the side effects. Data was collected on many variables, to determine the effects on many different areas of society, although the effects on the labour markets were the most cited. Other variables were health, homeownership, birth rate, school performance, divorce rates, and other indicators of well-being (Widerquist 2005).

The conclusions of the labour force parts of these studies show that a NIT could cause a work disincentive, but that the work disincentive would not be as drastic as many opponents would argue. The experiment showed no sign that any segments of the population would withdraw completely from the work force, and the total work reduction for the main wage earners would be between 0-7 percent, and about 13 percent for the family as a whole (Widerquist 2005, Forget 2011, Levine et al. 2005).

The primary earner typically worked a lot more than the additional earners in a family, and only 1/3 of the decreased working time was ascribed to the primary earners. This meant that the reduction in working hours of the primary earner was relatively small. Married women reduced their working hours more, and also took longer to re-enter the workforce after a break. The general results showed that the secondary earners, almost always the wife, tended to take part of the increased family income in the form of more time for household

production, particularly staying home with new-borns. Effectively, married women used their guaranteed income to finance longer maternity leaves (Forget 2011: 286). The largest reduction in work hours was accredited to additional earners, mainly consisting of adolescent males, because they began to enter the workforce later. The delay in taking a first job at an older age, could suggest that some of these young males might be spending more time in school (Forget 2011).

The results of the experiments came up in policy debates two different occasions in the 1970's. The first time was in 1970 when Richard Nixon launched his Family Action Plan (FAP). The preliminary results available at this time showed a very modest labour market response, but its critics dismissed the findings as premature. The results of the experiments again came up in the late 1970's when Jimmy Carter launched his program for Better Jobs and Income. Although the labour market responses were still modest, new findings from the SIME-DIME experiments showed that the test groups had significant increases in divorce rates (Hannan, Tuma & Groeneveld 1977: 100). This finding was largely to blame for the failure of Jimmy Carter's welfare reform scheme, but the findings were rejected in 1990, after further research of the data from the experiment (Forget 2011, Cain & Wissoker 1990, Levine et al. 2005).

Other results from the experiments showed that children from test families in North Carolina showed positive results in elementary school test scores. In New Jersey, the results showed a positive effect on school continuation rates. In the SIME-DIME experiments, the results showed positive effects on adult's continuing education. These results are impressive, as academic literature shows that drop-out rates, test scores and educational decisions are difficult to affect with direct intervention (Levine et al. 2005, Forget 2011).

The data from the MINCOME experiment in Dauphin, Canada, was stacked away without much analysis or studies after the experiment was shut down. A final report was never written. Evelyn Forget recently got access to the data from the experiment, and analysed the data. Her research was from a health-perspective, because one of the best correlates of poor health is poverty. She wanted to see if the poverty reduction effects of a guaranteed income would lead to improved health in the population (Forget 2011: 284).

Her research results show that overall hospitalizations declined for by 8.5 percent for the MINCOME subjects, relative to the control groups. This was especially true for hospitalizations for accidents and injuries, as well as mental health diagnoses. In addition to

this, they found a significant increase in school continuation, from year 11 into year 12 (Forget 2011).

3.5.3 Namibia

In January 2008, the Namibian Basic Income Grant Coalition started a basic income grant project in the Otjivero-Omitara area in Namibia. The project ran for two years, from January 2008 to December 2009 (Haarmann, Haarmann, Jauch, Shindondola-Mote, Nattrass, Van Niekerk & Samson 2009). Of course, there is a big difference between Namibia and more developed countries, but the results could potentially be interesting also for the basic income debate in richer countries.

The project involved giving every person under the age of 60 living in Otjiver-Omitara N\$ 100 each month during the project period⁶. 930 residents got this grant without any conditions attached, other than living in the area and being under the age of 60⁷. The designated caregiver, usually the mother, received the money for children and youth under the age of 21. The purpose of the project was to monitor and evaluate the effects of the basic income grant on individuals living in the area and on the community overall.

The findings of the project show improvements in education, health, crime and productive work. The local clinic had increased its monthly revenues fivefold because more people could afford to visit the clinic regularly. Residents considered living beneath the “food poverty” line saw a reduction from 76 percent to 37 percent during the first year. The basic income grants lead to an increase in economic activity. The rate of those engaged in income-generating activities increased from 44 percent to 55 percent. The grant allowed recipients to increase their earned income, particularly through starting their own small businesses. The grant also contributed to the creation of a local market, through increasing the resident’s purchasing power. These findings contradict that claims that a basic income would lead to laziness and dependency (Haarmann et al. 2009, Frankman 2010).

The basic income also contributed to a large reduction on child malnutrition, from 42 percent underweight children before the project, to 10 percent underweight children at the end of the project. Drop-out rates from school were very high at the beginning of the project, but by the end of it the drop-out rate was zero percent. After the project, the rate of parents paying school

⁶ Namibia has a universal old age pension for those over the age of 60.

⁷ There was also a condition that the resident had to have been a resident for at least six months.

fees more than doubled, and ended at 90 percent. Most of the children also had school uniforms, which they did not have before the project (Haarmann et al. 2009).

The basic income also contributed to the reduction of household debt, suggesting the recipients used the grants to pay down on loans. Personal savings also increased. The average household income increased by 29 percent, even excluding the basic income. In addition, during the test period they saw a significant reduction in the crime rate. Overall, crime rates reported by the police fell by 42 percent. The results also show that the basic income contributed towards reducing the dependency of women on men for their survival, and to some extent freed them from the pressure to engage in transactional sex. The conclusion of the pilot project was that giving money to the poor is likely to contribute towards positive effects, which affect the lives of individuals, households, communities. This could also lead to positive changes on the national level (Haarmann et al. 2009: 15-16, Frankman 2010: 528).

3.6 Objections to basic income

There are not only supporters of basic income; there are also many objections to the idea. I will focus on the objections that have gained the most attention in the literature. These are the reciprocity and exploitation objections, the “impossibility theorem”, the migration objection, as well as some economic objections.

3.6.1 Reciprocity and exploitation

Some opponents see basic income as a threat to social justice. The main justice based objection to basic income comes under many names; reciprocity (White 1997, Levine 1995, Elster 1986), exploitation (White 1997, Barry 2001), parasitism (Van Donselaar 2013), free-riding (Van Parijs 1995), or the Malibu surfer problem (Van Parijs 1991).

Basic income is an unconditional payment, usually proposed at a level high enough to live on. This creates the possibility for people to stop working and live off the basic income only, and spend all their time on leisure activities (Widerquist et al. 2013: 80). Some opponents of basic income argue that every person who receives a payment from society owes a reciprocal obligation to contribute back to the society that gave it to them. Presumably, someone had to work to generate the payment, and therefore the person who does not contribute to society while receiving a payment, exploits the people who do contribute. The reciprocity objection refers to the act of receiving a payment without giving a reciprocal contribution back, while the exploitation objection refers to the allowing of “the exploitation of the industrious by the

lazy” (Elster 1986: 719). The two objections are not identical, but they are closely related and are often discussed together.

White (1997) objects to the unconditionality of basic income. He does not object to the right to an equal share of external wealth, but argues that access to external wealth should be dependent upon a productive contribution to the community that produces the wealth. If a person receives a payment from society, and is able to work, he is obligated to contribute, to avoid exploitation of those who do contribute. A basic income would allow individuals to free ride on the efforts of others, and thus exploit the contributors, while redistribution conditional on work effort would not (White 1997). Van Donselaar (2013) makes a strong exploitation based objection to basic income. He criticises Van Parijs (1991) justification for basic income, and especially his Crazy-Lazy challenge (Van Parijs 1991: 105-108), where he argues for job assets and land as shared resources. Van Donselaar argues that people who sell access to resources in which they have no interest, such as job assets or land resources, benefit parasitically from this transaction (Van Donselaar 2013).

3.6.2 Economics

Another popular objection to basic income is related to economics. Although an easy objection to make could be “it will be too expensive”, this objection is not often raised in the scholarly literature on its own. More popular is the “impossibility theorem” (Groot 2004: 116), or what Fitzpatrick (1999) calls the “cost-ineffectiveness objection”. This objection materializes the belief that basic income is utopian. Even if one agrees with some of the favourable aspects of basic income, many are still opposed to its implementation because of the belief that a basic income must either be too high to be economically feasible, or too low to be socially acceptable (Groot 2004).

A common argument against basic income is that if the basic income was at the level of current social minimum level, the reduction of labour supply would be so great that it would cause a reduction in GDP, this is also known as the incentive-effect (insentiveeffekten) (Fløtten et al. 2011: 79). The total tax revenue needed to finance the basic income would be too high, maybe even a flat tax rate of over 50 percent (Groot 2004: 116). This situation could cause an even greater reduction in labour supply, and the tax rate would have to be raised even more to fund the basic income. This is not sustainable, and to avoid this, the basic income must be set at a level that does not reduce GDP. Taken this into account, opponents argue that the level of basic income would have to be too low to be socially acceptable as a social minimum (Groot

2004: 117). Another aspect is that a basic income could fortify existing social divisions. If the basic income can provide for an acceptable living, young people and others with a “low work ethic” could choose to opt out of socially productive work. This could cause a permanent social divide between those who participate in the formal employment market and those who are reliant on their basic income alone (Fitzpatrick 1999: 66).

Underlying both the reciprocity and exploitation objection is the belief that it is wrong to give money to those who do not deserve it, or without receiving anything in return. Underlying in the impossibility theorem is the belief that a basic income would drastically reduce the incentive to work, either by providing a basic income at a level which can provide for a comfortable living without working, or by increasing the tax rate to a very high level (Clark et al. 1996). Another popular objection is that it is wrong to pay people who do not need it (Block 2001).

3.6.3 Migration

The migration objection is the belief that a basic income could potentially become a pull-factor on immigrants. This in itself could cause the basic income to be unsustainable at a socially acceptable level. This could at the same time cause high-income earners to migrate from the country, because of the increased tax rates which would be needed. Howard (2004) argues that basic income could pose a moral dilemma for migration policy. Either a country may have to restrict its immigration policy, or restrict the basic income. Some argue that economic reasons for migrating are already strong, so a basic income would not increase immigration more (Boso & Vancea 2012), or that basic income would not increase the pull factor even more (Pioch 2002). Howard (2004) and Barry (1996) argue that open borders cannot be supported, and that a restrictive immigration policy must accompany a basic income. Bay et al. (2006) find in their study that negative attitudes towards immigration can significantly reduce the level of support for a basic income proposal in the Norwegian population.

3.6.4 Other objections

In addition to the objections mentioned above, I will mention a couple of other criticisms of basic income. There is a feminist objection, which I have discussed above. Another objection is to the argument that basic income promotes flexible labour markets. The objection is that the basic income could function as a subsidy of employers, allowing them to lower wages,

and in the long run adopt a low pay-low productivity employment policy instead of a high pay-high productivity employment policy (Clark et al. 1996: 402).

Another objection is that basic income is politically impossible (Fitzpatrick 1999: 69). There is no natural political coalition to which basic income can appeal. It does have appealing aspects and supporters from all over the political spectrum, but this ideological diversity also forms a great practical challenge to its success (Fitzpatrick 1999). Fitzpatrick also argues that it would be hard to convince voters of supporting basic income, even if you could justify it in abstract terms, because “common sense says that a something-for-nothing income is wrong and common sense is not overturned by the conclusions of a philosophical debate” (Fitzpatrick 1999: 69). Another argument from the opponents of the pilot project in Namibia, is that “poor people are not capable of spending their money wisely” (Haarmann et al. 2009: 39)

3.7 Summary

Basic income has long historical roots, but has just recently been brought up and gained political and societal popularity. The high and long lasting unemployment in Europe has placed basic income in the public debate. The academic literature has become vast and many different justifications for basic income have been fronted. There are both many normative reasons for a basic income, as well as many practical arguments. Many of the benefits of a basic income are related to the universal aspect of it. But there are also many important objections to a basic income; one of the main objections is also related to the universal aspect of basic income. Securing an income to all citizens or residents in the form of a basic income is radical, and it has both many benefits but also possibly some devastatingly negative effects.

Although no country currently has implemented a real basic income as discussed here, there have been some experiments with similar proposals. The income maintenance experiments from USA and Canada provide mixed results, but some surprising findings. The experiments conducted in Namibia have shown profound effects of providing a small guaranteed income for a population. The Alaska Permanent Fund Dividend has become one of the most popular schemes in Alaska. Although the payment is small, studies on the program shows some positive effects from providing a unconditional income to every citizen of the state.

4. Child benefit

4.1 Introduction

The first universal benefit in the Norwegian welfare state was the child benefit, which was introduced in 1946 by a unanimous parliament shortly after the second world war ended (Pettersen 1987: 97). This is a special case because it was not only the first universal benefit; it was also the first benefit to be universal from the beginning, without first being introduced as a means-tested benefit. All families with at least two children under the age of 16 received the benefit, without a means test or other conditions attached. Single providers received the benefit from the first child, to compensate for their added needs.

The child benefit is a cash benefit with the purpose of compensating families for additional costs related to raising children. Parliament sets the level of the benefit, and the state finances the benefit. Today the scheme is regulated in law on child benefits of 2002⁸ (Barnetrygdloven). The benefit is now given to all children living in Norway, under the age of 18. According to EEA-regulations, children of parents working in Norway also receive the benefit, even though they live in another country. The benefit is usually paid to the children's mother, it is not subject to a means test and it is not taxable (Barnetrygdloven).

The child benefit discussion was already active in the 1930's, but it was not passed into law until after the war, in 1946. The introduction of the universal child benefit did not only introduce a new social benefit, and economic support for families, but it also introduced a new principle in Norwegian social policy. For the first time a social program was passed with a universal reach, and no means test. It was to be given to all families, regardless of income, profession, status or living conditions.

This chapter will provide a historical overview and analysis of the child benefit, the process of coming to an agreement as to its introduction, and the arguments used to argue for it. It was passed unanimously without discussion, but the process leading up to the vote in 1946 was not as smooth.

4.2 History of the child benefit program

The need to lighten the burden of having children was an important political topic in many countries in the years between the two world wars, because of rising prices, unemployment,

⁸ The law was revised in 2002, and it replaced the original law of 1946.

insufficient housing and other problems. Some countries introduced additional wages for employees with families, and others introduced cash benefits of different sorts.

In Norway, Johan Mowinckel's liberal (Venstre) government set a "child benefit committee" (Barnetrygdkomiteen) in 1934 to find a solution to lightening the economic burdens for families with children. The committee finished their investigation by 1937 and concluded that the market rewarded position and effort, and did not take the workers needs for family provisions into account (Barnetrygdkomiteen 1938). Their findings showed that the economic burden for the families grew with the number of children. Income per family member lessened with each child. The families adapted to this by lessening their nutritional standards, and families were forced to stay in small, overcrowded apartments. The committee was afraid this would have negative consequences for fertility rates, and the health of the children. The task at hand was to find a solution to the problem of a rising burden related to having children. The answer, according to a majority of the committee, was a cash transfer to families with children, a child benefit (Ot. prp. nr. 16 1945-1946).

The recommendation from the Child benefit Committee was largely based on an assessment of development of society, and the effects of industrialization. The effects of industrialization especially seemed to have had a harsh effect on the economic situation of working families (Barnetrygdkomiteen 1938). There was wide agreement in the committee that the environment in which children grew up, especially the family and in the home, were important for the development of children. Also, the situation of workers homes and families had been worsened through the process of industrialization. The situation of workers with families had worsened in relation to their unmarried peers, because a married man and an unmarried man earned the same wage. The wage was sufficient for a single man, but it was not sufficient to provide for a whole family. The Child benefit Committee also assessed the implementation of labour laws, which had reduced the opportunity for child and woman labour. The labour laws were implemented with strong opposition from both employers and families. This shows that the wage labour and income of children and women was important for the economic situation of families. In this regard, a child benefit could help better the situation the laws had created for these families (Ot. prp. nr. 16 1945-1946: 13).

In this period there was a high level of unemployment and lack of work for many people, which naturally worsened a family's income opportunities. At the same time, expenses had been rising fast. One reason for this was the new "*life philosophy*", with requirements of "*full*

and free expression” (Barnetrygdkomiteen 1938: 13 (my translation)) of ones gifts and talents, which required more of economic resources than before. Another reason was that the education and training of children had become more expensive. In the pre-industrial society, children could often join their parents and learn from their work, and at a young age they could start work in a profession themselves. After industrialization the requirements for training and education were much higher, especially in the cities. At the same time, the need for purchasing power was more important than before. Clothes and food had to be purchased from others; even on large farms one could no longer be entirely self-sufficient. For families now living in the city areas, every new child became an economic burden for the family. Families could not afford a larger place to live as the family expanded, and living expenses were cut by lowering the quality of food and other household products, and the clothes budget was kept at a minimum. The committee also addressed the issue that the reductions in living standards could generally worsen people’s health and could cause an increase in mortality rates (Barnetrygdkomiteen 1938).

Some members of the committee, notably Johannes Bøe (AP), Sigrid Stray (V) and Jakob Vik (B) suggested that reduced living standards had an effect on birth rates. Studies showed that economic conditions were partially responsible for the drop in birth rates. They argued that a large fall in the population was not in the nation’s best interest, and that a child benefit could reduce the economic burdens of raising children, and thereby stimulate birth rates and population growth (Ot. prp. nr. 16 1945-1946: 7).

The committee found that for each additional child a family has, the living standard of the family was reduced. To help families with children, a child benefit program should be put in place. This led to a discussion of whether the program should provide in-kind benefits or in-cash benefits (Barnetrygdkomiteen 1938: 34). The Child benefit Committee proposed a cash transfer to every child, with no exceptions, even with regards to family income. The proposal meant a transfer from people without children to provide for to people who did have a responsibility for children. This meant a horizontal redistribution rather than a vertical redistribution. The committee argued that the child benefit was back-payment of taxes, and seriously discussed if the tax payers with the highest wages should receive higher benefits than those with less income, because they paid more in tax. But they decided against this, since the benefit would be too small to effectively make a difference for this group anyway (Hatland 1992, NOU 1996:13 , Ot. prp. nr. 16 1945-1946).

4.2.1 War-time introduction

The first policy proposal from the peace-time government regarding the child benefit act came from Prime Minister Gerhardsen and his labour government in January 1946. But this was not the first time a child benefit was proposed in Norway. The Norwegian German-friendly party “National Samling” (NS) was the first political party in Norway to put a child benefit on their official party platform, which they did in 1934 (Quisling 1934).

NS became the only active party in Norway during the German Occupation (1940-45), and they introduced a child benefit in 1945. On May 1st 1945 a child benefit was paid for some of the lowest wage-earners. The payment was only made once, as the Occupation ended May 8th 1945, and nothing NS had passed during the war was accepted after the war, not even popular social policy (Normann 1968).

The program implemented during the occupation was partly based on the proposition from the committee of 1934. Only compulsory members of the sick benefit program with less than 9000 NOK in income were covered by the benefit, so it was not universal. The working population was responsible for financing the benefit. The benefit was lifted with the German occupation, but the Ministry of Social Affairs (Sosialdepartementet) discussed the issue in exile in London, and both they, and representatives from the trade union (LO) and the employers’ association (Arbeidsgiverforeningen) agreed that a similar benefit should also be provided after the war (Ot. prp. nr. 16 1945-1946: 1) .

The Government decided that a similar program should be implemented, and wrote a proposal based on the one in place during the Occupation. The proposal was made that the benefit should be given to employed people with an income of less than 9000 NOK⁹, and tied to the sick benefit program. The proposal was almost identical to the one NS had implemented. This proposal, however, would leave out other groups, such as farmers, fishermen and other self-employed persons. The Government had acknowledged that the children of these groups also could benefit from receiving the cash payment, but they decided that the inclusion of this group would be too costly. The defence for leaving out these groups was that the financing of the benefit was to be paid by an employer’s fee, and self-employed people did not have an employer to pay this fee. The Ministry of Social Affairs did not find it suggestible that the state or the municipalities should finance the benefit, so therefore this responsibility fell on the employers. They stated in the proposal that they would continue to work on the issue, so

⁹ The average workers wage was about 5800 NOK, so this proposal would cover a big proportion of the working class, who were the main focus of the Labour Party (NOU 1996:13).

that the benefit program would be extended to implement farmers, fishermen and other self-employed persons as soon as possible (Ot. prp. nr. 16 1945-1946: 2).

The restriction of the benefit to those who were tied to the compulsory sick benefit was justified by the argument that the benefit should help those that were worst off. Most families needed the benefit, and by tying it to the compulsory sick benefit most workers were covered by it (Ot. prp. nr. 16 1945-1946: 1). This proposal differed from the child benefit committee's proposal in the way that this proposal had a stronger focus on vertical redistribution, from wealthy families to worse-off families, rather than a horizontal redistribution from those without children to those with children.

The government's proposal did not sit well with the opposition, and strong objections came, especially from the groups who were left out of the proposal. An important objection being that it was not appropriate to pass a program which was identical to the one implemented by the NS regime during the occupation (Sørensen 2005). Two weeks after the proposal from the Government, representatives from the Farmers Party (Bondepartiet) fronted an alternative proposal in parliament. This proposal was that all families with an income of less than 6000 NOK should receive the child benefit (Hatland 1992: 70). This way, farmers, fishermen and other self-employed people would also receive the child benefit. This shows clear differences in the focus groups of the Labour Party and the Farmers Party, but it was also a difficult situation for the Labour Party. Many of their voters were from the groups of people left out of their proposal, and incorporated in the alternate proposal. The Labour government withdrew their proposal (Hatland 1992). In August the same year, the Labour government had a new child benefit proposal ready, and this time it did not exclude any families with children under the age of 16. A normative justification for including wealthy families was not given in the proposal, but rather practical and administrative arguments. The deciding factor was that with the suggested income limit for receiving the benefit, very few families would be excluded from it. The amount saved by not including the wealthy in the scheme would be lost in the administration of means-testing the families incomes (Innst. O. XII 1946).

The new proposal for the child benefit received wide support in Parliament. In the proposition from the Labour Party, they stated explicitly that the child benefit should not be a tool for vertical redistribution, but redistribution between those with responsibilities for children and those without. This did not only have an administrative benefit, with regards to the means-testing of families' incomes as mentioned above. It also had a positive social effect for the

children, because with everyone included, there were no social cleavages between children whose parents were reliant upon the benefit, and children whose parents were not (Innst. O. XII 1946: 9).

4.2.2 Introducing the principle of universalism

The child benefit act was passed 24th October 1946, unanimously in parliament without discussion. Not only was a new social policy introduced, but a new principle in social policy was launched. The principle of universalism was introduced in the Norwegian welfare state (Pettersen 1987: 97). The principle is found in that there is no income limit set to be eligible for the benefit (Innst. O. XII 1946: 8). This may have been because of the consensus on social affairs agreed upon in the Joint Program after the war (Fellesprogrammet 1945), and can be seen as the results of cooperation and agreement among all the Norwegian parties. But as Hatland (1992) argues, it could also have been more of a compromise between different solutions than a true consensus (Hatland 1992: 70, NOU 1996:13).

There were however, a few changes made in the bill that passed from the original proposal. In the original proposal, the benefit was to be set at 200 NOK per child, starting from the second child. The Ministry of Social Affairs who proposed the act, wanted to include the first child in the program also, but this would cause the program to be too expensive¹⁰ (Pettersen 1987: 98). Parliament also wanted to include the first child, but they agreed that the cost was too high. They did however add to the bill that single providers should receive a child benefit from the first child. To ensure that the program did not exceed the budgeted amount, the level of the benefit was also reduced to 180 NOK (Pettersen 1987).

The Ministry of Social Affairs stressed that the aim of the child benefit was not to cover all costs of having children. This was the parent's responsibility. The aim was to lighten the economic burden of raising children, and prevent the standard of living from being severely reduced because of having children. The population growth should not be reduced by the economic costs of having many children. They argued that the agreed level of the benefit was not a very large amount, but that for families with many children the child benefit would be a good addition to other income. At the time it was difficult for employees to earn additional income, and therefore the child benefit would provide an important additional income for these families (Pettersen 1987).

¹⁰ If the first child also were to be covered by the benefit, the cost of the program would be almost doubled, from ca. 78 million NOK, to about 150 million NOK.

The financing of the child benefit was proposed to be done through general taxation. 7/8 of the cost was to be covered by the state and 1/8 by the municipal governments. No extra tax burdens were to be placed on the tax payers, but it was to be financed through the state budget. All parties agreed to this method of financing the program. Financing through the general tax system was the most effective and the most just way for the state to distribute the benefit. The income received from the program was to be counted as taxable income for the recipients (Pettersen 1987, NOU 1996:13).

The law also stated that the child benefit is to be paid to the mother of the child. The main reason for giving the payment to the mother was as recognition of the mothers work with raising children. It was stated in law that the mother was to receive societal recognition for the work she performed with the upbringing of children. For most mothers, this was the only income they received “on their own”. According to Pettersen (1987: 101), this could easily have, and maybe even should have been done also for other tasks a housewife performed.

There were a few smaller changes in the benefit in the following years. From 1958, the benefit was no longer categorized as taxable income. In 1962, the benefit was made progressive, to increase with the number of children. In 1970 the child benefit was also extended to cover the first child, and in addition, the benefit was doubled for single parents (Hippe 1988, Pettersen 1987). In 2000, the age restriction was increased to include children up to the age of 18, instead of 16. In 2001, the progressive aspect was removed, and the same amount is given for every child (Ot. prp. nr. 57 2000-2001).

In recent years politicians from the Liberal party (Venstre), as well as politicians from other parties have argued for making the child benefit means tested, and aimed at the poor (Wernersen 2014). The level of the child benefit has not been raised since 1996, and the Norwegian child benefit scheme has gone from being the most generous in the Nordic countries, to becoming the least generous (Wernersen 2014, NOU 2009:10). A poll from 2012 found that 47 percent of the Norwegian population is in favour of means testing the child benefit and other universal benefits, while 44 percent does not want to means test universal benefits (Haugen 2012).

4.3 Why a universal child benefit?

The arguments found in the discussions leading to the passing of the child benefit act have been many, and some of them even controversial. A clearly stated normative or ideological justification for a universal child benefit was not stated, and the decision was primarily based

on practical arguments. In the end, the proposal from 1946 which was unanimously passed in parliament was closely built on the Child Benefit Committees proposal from 1937. Although many discussions and different proposals surfaced in the time between, the original proposal was passed after 11 years with only a few changes. The main argument for not making the benefit means tested was that a means test would not provide any financial savings, because what would have been saved on the payment to beneficiaries would have been lost in administration costs. The administration of a means test would be more difficult, time consuming and expensive than simply giving the benefit to everyone (Innst. O. XII 1946: 9).

Another important argument was the financing. Originally the money to pay for the benefit was meant to come from an employers' fee. This caused everyone who was self-employed to be left out of the benefit program, even though many of these children and families were in the lowest income groups. When the pressure came to include everyone in the program, the financing model had to be changed. Financing the benefit through the state budget was agreed to be the most effective and just way of doing it. This would also place the biggest burden on those with the largest incomes, because those with higher incomes paid more in taxes than those with low incomes (Innst. O. XII 1946: 9).

Furthermore, one of the most important arguments from 1946 was the assessment of the development of society, as mentioned above. The ability for a family to increase their wages was very small, and the wage of only one provider could not sufficiently cover the additional costs of raising children, without significantly reducing their standard of living. The discussion of the kind of benefits best suited to deal with these issues led to the discussion of whether the benefits should be provided in-cash or in-kind.

4.3.1 Cash benefits or public services?

There was some discussion regarding this issue in the committee, and the supporters of in-kind benefits argued that some needs are of fundamental value for families, like a good place to live, sanitary and medical measures, and free education and job training. The supporters of in-kind benefits argued that these needs were best met through making the means available to the children and families directly through collective measures from the society. They also argued that providing the benefits in-kind was the only way of controlling that the resources used would actually benefit the children, and not be misused by the children's parents. With the cost of the expensive collective services they should provide, there would be no money

left to provide an in-cash benefit to families, which would also be very expensive (Innst. O. XII 1946).

The supporters of in-cash child benefit usually argued that “...*housewives know better than the state how to put these resources to good use, especially with regards to important needs such as clothes, food, shoes, light and heat*” (Barnetrygdkomiteen 1938: 34 (my translation)). The supporters of the in-cash child benefit acknowledged that some parents would waste their benefit money on for example alcohol, but that misuse would account for very few instances, and it could be prevented by control measures. The supporters of cash benefits also argued that cash benefits would elevate housewife’s self-esteem and independence by giving money directly to them for the work they did in the home. They also stated that a cash benefit would be especially welcomed if it could provide mothers with an opportunity to stay at home if she preferred, as most mothers did, instead of taking paid work outside of the household (Ot. prp. nr. 16 1945-1946: 35). Another argument for cash transfers was that it would increase the purchasing power of the public which would increase their standard of living.

Another strong argument was that the state should implement a cash benefit out of self-interest. The committee argued that it was in the state’s interest that the birth rate was maintained, and that new generations kept growing up to continue the work previous generations had started, and bring the country forward. They also argued that it was in the states’ interest that the population had as good living conditions as possible, both materially and culturally, “*because the prosperity and progress of the nation is dependent upon every individual’s abilities*” (Ot. prp. nr. 16 1945-1946: 37 (my translation)).

The last argument used in the proposition for an in-cash benefit was that it would stimulate population growth. The descending number of children born at the time showed that a child benefit from the state was needed. To have children was the result of a deeply human instinct, and when married people preferred to remain childless or only have one or two children, it was a sad expression of the difficulties the families had to struggle with. One of the means available to reduce the difficulties families struggle with was a child benefit in cash, which at least to some degree could mitigate the differences in living conditions between those who had children and those who did not (Ot. prp. nr. 16 1945-1946: 38).

A discussion on whether the child benefit should be given as a tax relief for families with children rather than a cash payment also came up. But they discovered that many of the

poorest families did not pay much in state tax because their income was low, so a tax relief for these families would not be sufficient. They did argue that a tax relief for families with children would be a welcomed supplement to the cash payment, but not a replacement for it (Ot. prp. nr. 16 1945-1946: 35-36).

The majority of the committee concluded that without the cash benefit, the disparity between income and the burden of providing for children would not be sufficiently reduced for the largest, and the worst-off families. The collective measures had their indisputable value, and must also be extended. But this must not be done at the expense of an in-cash benefit provided to families with children. The majority of the committee found that the in-kind services and benefits must be supplemented by a cash benefit, which increased with the number of children (Barnetrygdkomiteen 1938). The committee also stated that there were some elementary and demanding needs which had to be met, which could not be solved with collective measures “*unless one wants to change to a fully communist household*” (Barnetrygdkomiteen 1938: 34 (my translation)), such as the need for food, drink, clothes, shoes, light, heat, utensils, household articles, taxes, membership fees, transportation expenses, newspapers, pleasures and recreation. These expenses could not be covered by collective measures, and were best secured by a cash transfer to families, who themselves could distribute the cash where it was needed (Barnetrygdkomiteen 1938).

4.3.2 Unfair to people without children?

The second big question that came up for discussion in the committee was the question of whether the child benefit was unfair to people who did not have children (Barnetrygdkomiteen 1938: 39). The first argument fronted to support the child benefit from this discussion was that it was probable that most people, especially young people, would have children in the future, even if they did not currently have children. If they saw the contribution they had to pay when they did not have children as unfair, they should remember that when they had children in the future, they would receive more in return through the program than they had contributed towards it. This would follow the same principle as in the existing sick benefit, where people who were not sick at all times “paid for” those who were sick, and in the unemployment benefit, where those who at any time were employed “paid for” those who at any time were unemployed. In the child benefit, those who did not have children would “pay for” those who did have children (Barnetrygdkomiteen 1938).

The other argument was that in all countries, it was regarded as a requirement that the whole population or specific groups of the populations were covered by social security programs, even though some people would benefit from the policy, and others would not. They argued that any social insurance scheme should cover the whole population, even if some people would lose more than they would benefit from it, because those who needed it the most would benefit from it (Ot. prp. nr. 16 1945-1946: 39).

Another related objection was that the cost would be too high for those who had to pay without benefitting from the scheme. Again the committee pointed to other benefits, like the old-age pension and the sick benefit. When they had been able to implement those programs for the whole population, and get past the practical and economic concerns, the same would happen with the child benefit (Ot. prp. nr. 16 1945-1946).

4.3.3 For everyone or aimed at the poor?

The last big concern that surfaced in the discussion in the committee was the question of whether or not the benefit should be given to families who had high incomes (Barnetrygdkomiteen 1938: 43). The main argument against giving to high income families was that the income from the child benefit would not make any difference. The children of wealthy families would be nurtured as well anyway, because they could afford it. Giving a child benefit to wealthy families would not improve the child's upbringing, and would therefore not benefit society.

The majority of the child benefit committee was clear on the premise that the family's income should not have any implication on the right to receive a child benefit. The main argument used to reach this conclusion was that no matter how the program was to be financed, through direct or indirect taxation; those with high incomes would contribute more than those with lower incomes. The committee also stated that the need for economic assistance in the raising of children was present in all social classes. It was therefore natural that wealthy families also should receive some recognition for their useful task of raising children. In addition they pointed out that the education of children from high income families was a lot more costly than for lower income families (Ot. prp. nr. 16 1945-1946: 42).

Another argument was made that a family had to be very high up on the income scale before the addition of a child benefit would not make any difference for the family. Very few families had such a high income. Related to this issue, there would be problems attached to setting an income level for which to be eligible or not for the benefit. The question whether a family was

above or below the set income level could be questionable, and the decisions could be arbitrary. The administration needed to perform these control mechanisms would have to be large and encompassing, making it expensive and slow, which could lead to great dissatisfaction in the population.

Furthermore, a family's income could vary from one year to the next. A family could interchangeably be above or below the set income level, making their total income unstable. It could also happen that a family earned an income just below the set income level, thereby qualifying for receiving the benefit. The next year however, when their income had increased by the amount of the benefit, their total income could be above the set income level because they received the benefit, and thereby not being eligible anymore (Ot. prp. nr. 16 1945-1946: 44, Innst. O. XII 1946). Additionally, if the child benefit was made conditional on income level, it would also be reasonable to consider a condition attached to wealth or personal savings. This could further complicate the system and lead to more expensive and time-consuming administration (Ot. Prp. nr. 127 1945-1946).

Another idea that was discussed was the possibility of limiting the benefit by the number of children and the family's income, so that high income families would only receive the benefit for child number three or four, while the lower income families would receive it from the first or the second child. This was also dismissed, because of the amount of administration and control that would be needed to perform the tests. The child benefit committee decided that the probability that the total cost of the scheme would be lower by keeping the higher income groups out of the program was so low, that it would be cheaper to give all families the child benefit (Ot. Prp. nr. 127 1945-1946: 3).

4.3.4 Dissatisfaction with the poor relief system

Another aspect related to the means-testing of the child benefit, was strong resentment towards the old poor relief system. The bearing principle in the poor relief system was the discretionary principle, in which authorities had strong discretionary power to decide what kind of help a person needed. The most demeaning aspect of the poor laws was that the person who needed help, had to provide all information on their private affairs, and all parts of his or her private life, and submit themselves to another person's discretion as to what kind of help he or she needed (Ot. Prp. nr. 127 1945-1946: 44).

The argument was that the child benefit must not bear any resemblance to the poor laws (Stortingsforhandlinger 1946: 562). The means-testing of family's income could be

demeaning for the recipients, and those who received the benefit could be stigmatized. If the benefit was given to all families irrespective of income or wealth, there would be no stigmatization of children who received the benefit from those who did not receive the benefit (Innst. O. XII 1946: 9).

Finally, the argument was made that the benefit should also be paid for other family members who were ill or in need of care or otherwise dependent upon the family, but this was discarded for economic and practical reasons, for this issue would no doubt raise new and difficult questions (Ot. prp. nr. 16 1945-1946: 8).

4.4 Objections to a universal child benefit:

Of the members in the Child Benefit Committee, there was one member who did not share the views of the majority. Margrete Bonnevie (V) did not agree with the rest of the committee and presented her own evaluation of the child benefit. The arguments she fronted in her proposition against the in-cash universal child benefit, represents the only arguments against the proposal which passed in 1946. She did not want a universal benefit in cash, but rather a strengthening of public institutions (Ot. prp. nr. 16 1945-1946).

The minority recognized the need to do something to secure children better than what was in place at the time, but this should not be done with a cash payment to all families with children. There were two main arguments against the child benefit in the proposal. The first was that the natural act of having children should not make people eligible for benefits, and the second was economic concerns regarding universal cash grants.

4.4.1 Benefits for having children?

Many people regarded the issue to be of equal importance to old age pensions, disability benefits, unemployment benefits and sick benefits, and many countries had already implemented programs to help children. The minority proposal argued that helping families who could not themselves provide for their children was different than the other programs, but acknowledged that the issue had to be solved, and preferably in a way which was not associated with the poor relief system (Barnetrygdkomiteen 1938: 56).

The minority argued that it could not see the justification for providing a social benefit of the same character as the old-age pension, sick benefit, unemployment benefit or the disability benefit for children. Not for the worst off, and not for anyone. Because creating a social benefit for all children would mean that they created a benefit for human nature. Social

benefits should be for those who were in a situation outside the “norm”, and not for something which was normal, like having children (Barnetrygdkomiteen 1938: 93). The argument was that principally, the states should not give cash benefits to anyone who decided to have children without being able to provide for them, or that benefits should be given to anyone without regard for individual conditions or personal needs. In this argument lie both an objection to the principle of universalism in social policy, and an objection to giving cash benefits to anyone, even a means tested cash benefit. The minority proposal argues it is inadvisable to introduce universal cash benefits in social policy (Barnetrygdkomiteen 1938: 93).

4.4.2 Objections to cash benefits

The minority proposal also argues strongly against any form of cash benefits on other grounds. One of the arguments is that society would not gain from poor people having children. They argued that only those who have an adequate income, or who have reasonable expectations of earning enough to provide for children should be encouraged to have children. If it was already the case that many families who had many children were not capable of providing for them, society should not make sacrifices to encourage them further. On the contrary, the minority stated that only those who were most suited to provide for a family should be encouraged by the government to have children. The government should not encourage those with low earnings to have children, by providing them with cash benefits (Barnetrygdkomiteen 1938: 93).

A child benefit paid to everyone under a certain income, could lead to young people without prospects for the future irresponsibly putting children into the world. If the government decided to give everyone, or only those under a certain income a right to an in-cash child benefit, it would encourage all child production, regardless of whether it would be likely that the upbringing would be responsible or not. The minority of the Child Benefit Committee thereby concluded that it could not recommend an in-cash benefit, whether it was aimed at the poor or was universal (Barnetrygdkomiteen 1938).

4.4.3 Economic concerns

The other main objection was related to economics. The minority of the Child Benefit Committee argued that it would be impossible to provide cash benefits at a high enough level to make a real difference. They argued that other benefits covered all of the costs related to the “damages” they were supposed to cover, such as injuries or sickness. A cash benefit would

provide each family with such a small amount of money that the effect of it would be too low to make a difference, and it would never be able to cover all the increased costs of having children. Therefore, the minority recommendation was to improve collective institutions and state provisions for children, rather than introducing a child benefit in cash (Barnetrygdkomiteen 1938).

They did state that an additional income of 100-200 NOK would be regarded as a substantial amount for a very low-income family. But giving even such a small amount to the worst off would be too costly to implement. It would be especially difficult to afford it in addition to other social policy measures which were already in place, and were all necessary and in need of improvements. Their argument was that the amount of money it would cost to pay all families with children in cash would be better and more efficiently spent in other ways, such as on housing benefits, to provide adequate and affordable housing to those who needed it, kindergartens and day care centres, medical facilities, and food provided in schools for the neediest children (Barnetrygdkomiteen 1938: 94).

4.4.4 A feminist objection

Another reason for opposing the child benefit was from a feminist point of view. The minority proposal had a strong focus on women's place in society. One of the reasons for recommending collective institutions such as day care centres, medical facilities and kindergartens rather than cash was that it would allow for more women to enter the workforce. At the time of this evaluation, married women were usually not active on the labour market, but spent their time in the home. The argument was that if wives who were at home entered the workforce, the family could increase their income and living standards this way instead of the government paying mothers to stay at home (Barnetrygdkomiteen 1938: 93).

4.5 Summary:

There is no doubt that the child benefit has been an important issue in Norwegian social policy. It has been debated for many years and by many people before it even made it to a vote in parliament. The biggest argument against the benefit seems to have been the cost associated with it, and who should finance it. The Labour Party wanted it to firstly cover wage- earners, and be financed by employers.

The Farmers Party wanted it to also cover the self- employed, but they had no employers to finance it, so it would have to be financed through a general taxation to also cover these

groups. Both of these parties wanted the benefit to cover those families with the lowest wages, those who were worst-off. The Liberal Party wanted the benefit to also cover families with higher wages, if it was to be financed through general taxation. Because those with the highest incomes would contribute more to the benefit than those with low incomes, so it would only be fair if they too could benefit from it. The political will to collaborate and compromise, spelled out in the joint programme seems to have been a success. The result of the long child benefit debate was the first universal benefit in Norway, the universal child benefit. Table 1 sums up the different proposals for a child benefit from 1937 until it was passed in 1946.

TABLE 1 Different proposals for a child benefit

Year	Who proposed it	Coverage	Passed / not passed	Who supported it?
1937	Recommendation from the Child benefit committee of 1934 - Majority	Recommends a universal benefit for all children.	Never came up for a vote.	Child benefit committee - members from different parties
1937	Recommendation from the Child benefit committee of 1934 - Minority	Recommends to discard the child benefit proposal	Never came up for a vote.	Child benefit committee - a member from the Liberal Party
1945	Child benefit program from NS party platform	Covered all members of the sick benefit with an income of < 9000 NOK.	Passed – active from May 1 st 1945. Repealed May 8 th 1945	Passed by NS during occupation
1946	First proposal from Labour Government (AP)	All members of sick benefit with income < 9000 NOK.	Not passed: Many objections	Labour Party
1946	Alternate proposal from opposition - Farmers party (B) (Nils Trædal, Einar Frogner, Jon Leirfall)	Universal – Means tested at income < 6000 NOK	Not passed	Farmers Party
1946	Second proposal from Labour Government (AP)	Universal – from second child. No means test. Single providers from 1 st child.	Unanimously passed	All parties

Table 1 shows the six different serious proposals made for a child benefit sine the first serious recommendation in 1937 until the final proposal was passed in 1946. All data collected from the sources referred to in chapter 4.

There were many arguments used in favour of a universal child benefit. Although there was never fronted an ideological reason for making the benefit universal, there were plenty of other arguments of a more practical nature for doing so. These arguments were mainly concerned with administrative considerations, and also arguments concerning the dignity of the recipients. There was also raised quite a few arguments against making the child benefit

universal. All parties agreed on the bill when it passed in 1946, but when the preparatory work was done in 1937, there were many objections. Most of the opponents used the arguments that it would be too costly to give this benefit to everyone. Some argued against the principle of giving cash benefits to people as a right, but also some feminist concerns were brought up against the universal child benefit.

5. Old age pension

5.1 Introduction

This chapter will find the arguments surrounding the introduction of the Norwegian old age pension, and why it was made universal in 1957. I will provide a historical overview of the origins of the old age pension scheme in Norway, from the introduction of the first pension scheme in 1936, to the introduction of the two-tier system introduced in 1967. The main focus however, will be on the transformation from a means tested scheme to a universal scheme which came in 1957. These milestones in social policy are important for the understanding of the Norwegian welfare state, and the principles which guide it. The development of the old age pension may be the best example of the development of the Norwegian welfare state, because other policies have followed the principles in the old age pension.

Social benefits to support those who are too old to support themselves are a main theme for many welfare states. Traditionally, old age has been a difficult part of life for many and the risk of poverty has often been very high amongst the elderly. Because of old age pensions, elderly people in many countries are no longer reliant upon the income and support of their children or other family to be financially secure. The elderly in Norway are now no more likely than other citizens of being poor. At the same time income inequalities between pensioners are smaller than income inequality in the rest of the population (Hatland 2001:106). This is because an old age pension is given unconditionally to all citizens over the age of 67. Other parts of society do not have this minimum income guarantee, which the old age pension ensures. The battles for the old age pension in Norway have been important for the development of the welfare state, because agreement as to how benefits are to be distributed, financed, and organized have been most prominent with regards to the old age pensions. The decisions made with regards to old age pensions, have also influenced other social policy schemes in Norway (Hatland 2001).

5.2 Historical overview

The old-age pension in Norway has been introduced in three main steps. The first version of the old age pension was passed by parliament in 1923, but it was not introduced until 1936, because it was considered too expensive to introduce at the time (Kuhnle & Solheim 1991). In the years between, there was much debate as to what form the pension should take, and how it should be administered. The debate was especially focused on how the pension should be financed. One solution was an insurance based scheme, where what was paid during active

working years was in proportion to the amount received in pensions. If no amount was contributed, no pension would be paid. The alternative was a tax-based scheme, which was the favoured option in 1923, in which a means-test should decide if a recipient was eligible for a pension or not. In the end, it was decided on a universal, but strictly means tested minimum-support benefit (Kuhnle et al. 1991).

A new old age pension scheme was introduced in 1957. This time they removed the means test, so all persons over the age of 70 were secured a flat-rate pension from the state, regardless of other income, previous income or personal savings. In other words, the old age pension was made universal and unconditional. The next development in the old age pension scheme came in 1966, with the act on supplementary and income-related old age pension scheme which was implemented in 1967. The new pension scheme consisted of two parts: a universal and unconditional basic pension and an income related part calculated from the basis of earnings and years in employment (Pettersen 1987, Kuhnle 2001, Hatland 2001, Hippe 1988).

The old age pension system in Norway today is in many ways similar to the reformed scheme of 1967. The aim of the old age pension system is to prevent poverty, maintain a standard of living into old age for those who have been employed, and to reduce income inequalities among the elderly (Halvorsen & Stjernø 2008: 76). All residents of Norway and people working or living in Norway, over the age of 67, are covered by the National old age pension scheme. The full basic pension (grunnbeløp) is conditional upon 40 years membership in the National Insurance Scheme (Folketrygden), where residence or employment in the country constitutes compulsory membership. Everyone has the right to a minimum pension unconditionally. In addition, an income related pension is added to the basic pension calculated from the basis of earnings and years in employment, up to a certain point. The pension is regulated in the law on national insurance (Folketrygdloven) of 1997, which replaced the original law of 1966 (Folketrygdloven , Halvorsen et al. 2008).

5.3 Introducing a means tested old age pension:

The first state-organized old age pension was introduced in Norway in 1936, but the idea had been around since the 1840's, and had been discussed several times in the period between these years. The first serious attempt to introduce a pension scheme came in 1894, when the first parliamentary commission was set to make a plan for an old age pension scheme. A bill was proposed in 1899, and again in 1902, but none of these proposals were passed into law. A

new committee (folkeforsikringskomiteen), led by Oscar Jæger (V) was set in 1907, but internal differences with regards to the insurance principles made it impossible for them to agree on one solution to recommend (Kuhnle et al. 1991).

While parliament could not agree to a solution for the old age pension, the first municipal old age pension was introduced 1916, “*for persons over the age of 65 who is unable to provide for themselves*” (Hippe 1988: 14 (my translation)). This was adapted to other municipalities’ as well, but never covered the whole country. The benefit was means tested and the level was set at the local authorities’ discretion. By 1922 this benefit covered 105 municipalities, around 40 per cent of the population (Hatland et al. 2011: 110). These systems had some success, and this type of means tested, municipally administered old age pension later won through in parliament (Hatland et al. 2011).

In 1918 the government proposed an insurance scheme for disability and old age, which led to another committee being appointed in 1919 (Kuhnle 1991: 46). A proposal was put forth in 1920, which recommended a municipally administered pension supported by the state. This recommendation was discarded, and instead a new proposal was made in 1922, based on a progressive tax system (Kuhnle 1991). This proposal passed in 1923 with the Labour Party (Arbeiderpartiet (AP)) and the Conservative Party (Høyre (H)) in majority in parliament, but it was never implemented, for financial reasons (Kuhnle 1991). The benefit was too generous for the taxes to cover it (Hippe 1988).

In 1935 a new committee was set by the Johan Nygaardsvold (AP) Labour Government to review all social policy. One of the proposals made by the committee was a new old age pension scheme, based on a fee of 1 % on all personal income and company income (Kuhnle 1991: 46-47). The law was passed in 1936, and the first state-wide old age pension scheme was introduced. Although the law covered the whole population, the pension was modest and eligibility was limited by a strict means test. Many of those who paid the insurance fee ended up not receiving a pension. The means test was strict, and was affected by other income, savings, private insurance schemes, gifts and other assets. Only the old who had no other way of supporting themselves would receive the pension. The pension was also differentiated with regards to whether the recipient lived in rural or central areas. People under employment or otherwise active on the labour market would finance the pension. This meant that current state revenues would pay for the current pensions, this is known as the “pay-as-you-go” system (Halvorsen et al. 2008, Seip 1981, Hatland 1992, Kuhnle 1991).

The motivation for the old age pension system was that the Labour Government wanted a pension system based on economic redistribution. The redistributive effect was achieved partly through progressive taxation of income and wealth, and an additional fee to finance the pension system. Economic redistribution was also achieved through means testing the pension. Only the poorest wage earners were eligible recipients (Pettersen 1987, Kuhnle et al. 1991).

The politicians had no problems understanding that high unemployment rates and low wages made it difficult for people to save up for their own old age, and saw the need for an old age pension. Not everyone however saw the economic redistributive effect that was inherent in the old age pension as an ideal solution. Especially the “non-socialist” political parties wanted to remove the means test. However, the means tested pension was introduced at a time where there was not enough money to finance a universal pension. As long as a universal pension could not be financed, a pension for the worst-off was a priority. Many politicians, especially from the Liberal Party (V) and the Farmers Party (B) regarded the first pension scheme as a beginning, which could gradually be extended to cover more and more groups of people.

In the years prior to World War II, the Norwegian Parliament regularly debated how the old age pension best could be administered. The three main issues they discussed were: should it be a public or private scheme, should it be financed through the principle of pay-as-you-go or should it be funded in other ways, and should it provide basic security or income maintenance (Halvorsen et al. 2008, Pettersen 1987, Hatland et al. 2011)?

5.3.1 Sources of disagreement in the old age pension

After World War II, there was a shift in the political climate, including the debates on social policy. There was now broad support amongst the Norwegian political parties for the state to have an active role in providing welfare for the population. Most of the parties had agreed to this before the war, but they were more willing to compromise after the war (Pettersen 1987). With passing the Child Benefit act in 1946, parliament had introduced the principle of universalism into Norwegian social policy. The question arose whether this principle should also be introduced to other social policy areas. The debate was mainly focused on what to prioritize first in social policy. All of the four largest political parties agreed that social policy should be extended to cover new and larger groups of the population, but they disagreed on what should be extended first (Fellesprogrammet 1945: 29, Pettersen 1987). The disagreements between the parties were mainly focused on how to extend the benefits, and

especially the old age pension. Should the old age pension be extended to become unconditional and universal, and cover all people who had reached a certain age, or should it be extended by increasing the size of the pension, to improve the standard of living for those who were already receiving the pension? The implications of making the old age pension universal could potentially be large, because the old age pension set the standard for principles of distribution and criteria for social policy. If the old age pension was made universal, other policies would follow suit (Pettersen 1987).

The second big issue between the political parties in parliament after the war was regarding the redistributive effects of the pension. The pension scheme from 1936 had the goal of providing a pension of such a size that 60% of the pension should cover the cost of a substantive minimum for one person (Pettersen 1987: 29). Politicians from the “socialist block” argued that this goal could not be met if the means testing of the pension was removed, because the cost of extending the coverage would be too large to at the same time increase the size of the pension to reach the target level (Pettersen 1987).

A third big question in the “priority conflict” after the war was whether the resources available for social policies should be used to improve the existing social policies, or if they should be distributed to other needy groups. The other groups in question were the disabled, widows and single mothers. The existing social policy schemes were largely based on a model of male breadwinner families, so the loss of a husband was a real danger for the rest of the family (Andresen 2007).

Other issues were also the topic of discussion between the political parties, like the mode of financing. The financing system for the old age pension from 1936 was based on progressive taxation. Those with the highest incomes contributed the most, but did not receive a pension in return. This principle was the root of this discussion. The non-socialist parties, mainly the Liberal Party (V) and the Farmers Party (B) argued that there should be more of a coupling between how much one contributed and how much one received in return. Or at least some degree of differentiation should be made, based on the amount contributed (Pettersen 1987: 30, see also p. 36-37).

The last disagreement was regarding allocation of the benefit. Not only was there disagreement as to whether the old age pension was to be universal or means tested, but also other allocation suggestions were discussed. One suggestion was that people living in cities should receive a higher pension than people living in rural areas, because the cost of living

was higher in central areas. This could help uphold equality in purchasing power. Another suggestion was to differentiate the pension based on different social attributes, for example by differentiating the benefit based on previously earned income (Pettersen 1987: 31).

5.4 Why a universal old age pension?

On July 1st 1957 the bill was passed which made the old age pension universal and unconditional (Innst. O. XVIII 1957). This was almost unanimously passed by parliament, with only two votes from Communist Party (NKP) representatives not in agreement with all aspects of the reform. All the political parties, except for the Communist Party, had removing the means test from the old age pension on their party programs before the national elections in 1953. Several of the “non-socialist” parties had already in 1936, when passing the first old age pension, argued that the pension should be universal and not means tested.

The political parties’ joint program (“Fellesprogrammet”) from 1945 stated that the nation’s social policy was to move away from the system of poor relief. They agreed to move towards a joint national insurance scheme, based on rights rather than discretion, which was to cover old age, sickness, unemployment and disability. All parties agreed that a system had to be put in place, but how and when it was to be done became an issue the parties did not agree on (Fellesprogrammet 1945).

By the end of WWII, the level of the old age pensions had only been increased by an insignificant amount since 1937. Inflation had increased by about 60 percent (Innst. O. nr. 166 1946: 187) during, and because of the war, decreasing the real value of the pension with about 38 percent (Pettersen 1987: 31). The goal of being able to live a decent life on only the old age pension was further from reality now than before the war. The initial request for increasing the pension came from the Norwegian Communist Party (NKP), but politicians from all parties soon wanted to increase the level of the old age pension. Even though there was no opposition to increasing the level of the pension, they only managed to pass an increase of 20 percent the year after the war. In 1946, an additional increase was passed, increasing the level of the pension by 25 percent for the city municipalities, and 38 percent for the rural municipalities (Innst. O. nr. 166 1946). The rates however were still not close to being at an adequate level. Even though all parties wanted to increase the level of the old age pension, there was no increase in the pensions in the year of 1947. The incumbent Labour

Government gave priority to creating a disability pension before increasing the resources to the old age pension¹¹ (Pettersen 1987: 31, Kuhnle 1991).

There were now three different priorities in different sections of the state. The Labour Government wanted to include new groups in to the social security system, creating new benefits for the disabled and for widows. The Social Affairs Committee in Parliament wanted to give priority to increase the old age pensions. The opposition parties, mainly the “non-socialist” bloc wanted to remove the means test from the old age pension. This was mainly a disagreement on priorities, all parties agreed that all of the mentioned changes were important and had to be done, but they disagreed on what was to be done first.

5.4.1 The Governments plan for a national social insurance scheme

The Labour government and the Ministry of Social Affairs presented a white paper (Stortingsmelding) in 1948, presenting their plan for the development of the national social insurance scheme (St. mld. nr. 58 1948). The main theme of the document was to lay out a plan for the creation of a national insurance scheme, which was to cover the whole population with common administrative body and a simple form of financing. The purpose of the national insurance scheme was to secure the whole population against loss of income. By expanding these benefits to cover larger parts of the population for different needs, they could reduce the importance of the disliked poor relief system.

The plans in the white paper were drawn from the work in the Child Benefit committee of 1938, but also from the program from the International Labour Organization, from their conference in Philadelphia in 1944 (International Labour Organization 1944). They also looked in to the National Insurance Act of 1946 from Britain, which was based on the Beveridge plan, and New Zealand’s Social Security Act of 1938. The Swedish reforms and proposals on social policy was also a source of inspiration (St. mld. nr. 58 1948: 4).

On the International Labour Organization’s conference in Philadelphia in 1944, there was drafted a number of social policy statements that should serve as an inspiration for forming countries’ social policies. The Philadelphia declaration states among other things that one of the main goals of the organization is “the extension of social security measures to provide a basic income to all in need of such protection and comprehensive medical care” (International Labour Organization 1944: 3).

¹¹ The disability pension did not get introduced until 1961.

The Governments' white paper recommended that the benefits for sickness, unemployment and work-related injuries should be set at a level in relation to the recipient's previous income, giving income maintenance for these benefits. The level of the old age pension and invalidity pension should be set at a level in relation to a regular wage for an industrial worker, providing a minimum level for these benefits. They recommended that the cost of these social benefits was to be covered by the recipients, the employers, and the tax payers. This had to be done in a way which was fair to the recipients, and did not cause hardships for people in financial difficulty, and did not place too much of a burden on the employers. The remainder of the costs was to be financed through general taxation (St. mld. nr. 58 1948: 5).

The Ministry of Social Affairs also discussed the economic environment in relation to the extension of benefits. They argued that extensions and improvements of social benefits should be done at a time when GDP was increasing, as had always been the case in Norway. It was regarded as easier to pass new expensive legislation when the economy was growing. At the same time they also argued that the total cost of extending benefits would not be as high as the cost of the direct payments. Because the new old age pension and disability pension would replace the existing poor relief system (forsorgsvesenet). The money spent on those schemes could be redirected to the new policy schemes. The cost of the new social policy proposals would be higher than the existing ones, and passing new social policy would come at the expense of either the tax payers, or at the expense of investments in e.g. infrastructure. At a time when the country's productive capacity and employment was at its fullest potential, the option of increasing productivity was not present. But the Ministry of Social Affairs stressed that the additional cost as a part of GDP would be minimal (St. mld. nr. 58 1948: 5-6). At the same time, the new social policies would provide benefits in a much more gratifying way. The new system would provide benefits as a right, instead of the poor relief system which was based on a subjective account of whether and how much help was needed (St. mld. nr. 58 1948: 5).

The Labour Government had no doubt that the country could afford to expand its social policies. The social policy proposals had to be seen as a demand for social justice, and would not require a major redistribution of income, or even a major increase in national expenses. Additionally, providing the poor with better benefits and higher purchasing power would stimulate the economy by increasing purchases and international trade (St. mld. nr. 58 1948: 5-6).

The next issue that was discussed in the white paper was if the benefits should provide a minimum standard or income maintenance. They argued that it could easily be questioned whether it would be necessary to increase taxes for higher income groups to secure their income level if they were to lose their source of income. This could just as easily be done voluntarily through e.g. private insurance companies. The Ministry of Social Affairs argued that it would be fairer to increase the level of the minimum benefit, instead of providing a higher benefit for higher income groups. The problem with a flat rate minimum benefit was that some groups could earn less than the set benefit level. With the income inequalities that existed in Norway at that time, it was hard to find a level that was satisfying for all groups. In some cases e.g. the sick benefit and the unemployment benefit, the recipient could have some influence as to whether he qualified for the benefit or was able to work. If the benefit level was set higher than a low wage, this could cause disincentives to work (St. mld. nr. 58 1948: 7-8).

The ministry of Social Affairs decided to divide the new social security system in two main groups: these were “income benefits” and “pension benefits”. They argued that the preferred solution would be to provide the same level of benefits to all recipients. They did however see that a flat rate benefit would be difficult in a country with high income inequalities. Those with high incomes would receive a lot less than their usual income, which could lead to dissatisfaction. Those with low incomes could increase their income by receiving benefits, making it profitable not to work. They decided to follow the system that already existed, by having both, but on different kinds of benefits.

The income maintenance system was used for short-term benefits such as sick-, and unemployment benefits, and the flat rate system was used for long-term benefits, such as the disability- or old age pensions. The deciding arguments were that the standard of living should be upheld for short-term benefits, because it was hard for someone to quickly adjust in the short term, and running expenses should be covered for these kinds of situations. But for the long-term however, the recipients have a better opportunity to align to a lower standard of living, and adjust their expenses according to the minimum standard benefit (St. mld. nr. 58 1948: 8-9).

The recommendation from the Ministry of Social Affairs was to continue administering the old age pension as it was, with a flat rate benefit for everyone, only adjusted by the stipulated living costs in the area of residence. This model was recommended for all benefits classified

as “pension benefits”, those which were long-term. The old age pension set the standard for the other long term benefits (St. mld. nr. 58 1948: 36).

The deduction rules for the old age pension were also discussed in the Governments white paper (St. mld. nr. 58 1948), discussing who should be qualified and how much additional income one could earn while receiving a pension, and whether the means test should be removed or not. They decided that in principle, they were in favour of removing the means test all together, making the old age pension universal and unconditional. They argued that the simplest arrangement would be to remove all deduction rules in the old age pension and disability pension, so that these pensions would be paid to everyone who met the conditions regarding old age or disability without the need for a means test. This would be to continue the principle of universalism, introduced with the child benefit act of 1946.

The main reason for wanting to remove the means test was socio-political, since such an arrangement would emphasize the nature of the pension as a right for all members of society. In addition, this would have great administrative advantages. They argued that a substantial amount of work in both the municipal and state agencies administering the old age pensions went to the calculation and revision of pension rights and the size of the individual pensions. The administrative work needed to perform the means test and control the recipients could be substantially reduced if the pension was made unconditional. In addition to those advantages, removing the means test would also give the recipients of the old age pensions a better incentive to keep working after the pension age, to increase their total income. If they lost their state pension by earning their own income, it would reduce their incentive to work. If the means test was removed, it would encourage the working population to save up money for their own retirement, without it affecting their eligibility to receive an old age pension from the state in the future (St. mld. nr. 58 1948: 43).

Even with these arguments in mind, the Ministry of Social Affairs concluded that they had to keep the means test in the old age pension. Removing the means test would cause an increase of 30 percent of the expenses. The Ministry wanted to introduce a general disability pension before spending more money on the old age pension. They also argued that before the means test could be removed, the level of the old age pension should be increased, so that those who only had the pension to live on would have a better living standard (St. mld. nr. 58 1948: 43).

They also wanted to centralize the administration of the pension system, place all social programs under the administration of one institution, and simplify the rules of the system.

This would make the benefit system both easier to administer and to understand. The general direction of social policy, away from the poor relief system and towards a comprehensive social security system would reduce the administration's subjective assessment of the level and form of poor relief needed. The Child Benefit was used as an example of how the rules could be made simple and effective, and this was the direction the Government wanted to go with all social policy (St. mld. nr. 58 1948: 57).

5.4.2 Parliamentary debate on pensions may 12th 1948

The Ministry of Social Affairs later that year proposed a change in the old age pension act, based on their white paper. They proposed a change in the regulations regarding the deduction rules, in effect making it easier to determine how much one could earn without getting a reduced pension. This made it easier for the recipients to understand, and easier for the administration to manage. They also proposed a small increase in the level of the pension. When this was proposed in parliament May 12th 1948, there was a general discussion on the issue of old age pension. All of the non-socialist parties, the Conservatives, the Liberals, the Farmers and the Christian Democrats were at this point very clear that the means test had to be removed (Pettersen 1987: 32).

The leader of the Social Affairs Committee in Parliament, Djupvik (V), argued that the means test had to be removed, and that the old age pension scheme would not be fair and reasonable until this was done. Although there were many reasons for removing the means test in the old age pension, he focused mainly on the disincentives for personal savings. It was not reasonable that a person who saved up for his old age privately should be punished for this by not being eligible for a pension. Although many people could find it wrong that people who were wealthy and had large incomes should receive the same pension as someone who was poor, he argued that the only right solution was to give them a pension, and if they so chose to decline it, everyone should be thankful. He concluded that the old age pension had to become universal, and be based on the same principle as the child benefit as soon as possible, but stated that he did not think it was possible at the time (Stortingsforhandling 1948: 216).

Representative Olav Versto (AP) argued that the means test had to remain in place, because the cost of removing it would be too high. Removing the means test should not be done, because it would lead to large expenses for the state. He argued that the first priority had to be to raise the level of the pension for those who needed it the most. He stated that removing the means test should be saved for a later time, when the state was better economically suited to

provide a proper pension for everyone (Stortingsforhandlinger 1948: 217). This argumentation was supported by Communist Party representative Andersen (Stortingsforhandlinger 1948: 218).

Moseid (B) argued that allowing recipients of the pension to continue working and earning an income while receiving a pension, thereby giving them stronger incentives to work, would have positive effects on the national economy. He said that both he and his party had been in favour of a universal old age pension ever since a pension was introduced, and that it would be principally right to pay the pension to everyone, regardless of wealth or income. He argued that for the people it would be better if the old age pension was paid in the same manner as the child benefit, so everyone could receive a pension. The means testing of the old age pension continued to bear a resemblance to the old poor relief system (Stortingsforhandlinger 1948: 221). He said that it was dangerous for a society to remove a person's private interest in saving money for his or her own old age. He also argued that the cost of removing the means test would not be too expensive, because progressive taxation would ensure that those with the highest incomes would pay most of the pension back through taxation, and the lower income groups would not be greatly affected economically. Finally, even if removing the means test would cost more on the state budget, on the national level, it would have positive economic effects, because people could continue working even after the pension age, and contribute to increased production and through taxation (Stortingsforhandlinger 1948: 221).

The Minister of Social Affairs, Sven Oftedal (AP) argued that the cost of improving the deduction rules and increasing the level of the pension would come at a great economic expense. It would be wrong to extend the pension to new groups of people by removing the means test without first increasing the level of the pension, because the levels were not set at a decent level and had to be increased. He argued that the means test had to be gradually removed, and the levels of the pension had to be increased. By gradually increasing the levels of the pension, and gradually include higher income groups into the pension scheme, the means test could be removed when the two levels were closer (Stortingsforhandlinger 1948: 224).

The proposal led to a lengthy discussion on removing the means test. The parties on "the left", notably the Communist Party and the Labour Party argued for increasing the levels of the pension in the short term, and removing the means test in the long term. The parties on "the right", notably the Farmers Party and the Liberal Party argued for removing the means test as

soon as possible. Although no agreement on the means test was agreed to, the proposed bill was passed unanimously (Innst. O. VIII 1948).

5.4.3 The opposition parties push for change

Both in 1950 and in 1951 two representatives from the Farmers Party, Moseid (B) and Borgen (B), proposed to remove the differentiation between the rural and central municipalities, and a significant lightening of the means test. The Farmers Party mainly represented people from rural areas, and therefore had an obvious interest in raising the level of their pensions by removing the division between rural and central areas. Both the pensions from the state and from the municipalities were higher in central areas. This allowed them to both receive a higher pension, but also allowing them to earn more additional income (Pettersen 1987: 36).

They suggested a much less restrictive means test¹². This would allow the current recipients of the pension to have a larger additional income without reductions in their pensions, and it would extend the coverage to new income groups. The aim of the proposal was to come one step closer to the full removal of the means test. However, the Labour government, with its majority in parliament was not willing to go that far. The proposal did not pass. In 1952 four members of parliament from the Liberal Party proposed a full removal of the means test, they were Neri Valen (V), Paul Ingebretsen (V), Bent Røiseland (V) and Erling Vindenes (V) (Ot. prp. nr. 52 1952). This proposal did not pass either.

The Labour government had a year later agreed that they should remove the differentiation of the level of the old age pension in rural and central areas. On December 27th 1951 they appointed a committee to investigate some of the issues regarding the old age pension that had been brought up in discussions in parliament (Ot. prp. nr. 52 1952). The committee had a proposition ready a few months later. The issues they had studied were the removal of the differentiation between rural and central municipalities, and the different issues related to the income limit and wealth limit to being eligible for an old age pension. The committee recommended removing the differentiation between different areas. Very few of the rural municipalities had provided any additional pensions on top of the minimum level, while most of the central municipalities had done so. The differentiation was initially introduced to compensate for the higher living costs in central areas. However, experience now showed that

¹² They proposed to increase the level of additional income that was allowed to earn while receiving a pension to 1000 NOK for everyone, and raising the level of personal wealth that was allowed be increased from 6000 NOK to 10 000 NOK Pettersen, Per Arnt (1987): *Pensjoner, penger, politikk: fra billig forsorg til dyre trygder*. Oslo: Universitetsforlaget..

most central areas compensated for this on the local level, while the rural municipalities were not in an economic position to provide additional pensions.

The second main reason was that the members of the committee did not find it reasonable that the state should provide less economic assistance to the poorer rural municipalities, who could not afford to increase the level of the pensions, while providing more economic assistance to the central municipalities who had a better economic standing. By equalizing the amount of the pensions everywhere, the rural areas would receive the same amount of grants to provide the pension as the central areas. They also found that the cost of living was no longer much higher in central areas of the country than in rural parts. In addition to this, the committee proposed an increase in the level of the pension, because they were still very low. They proposed 1200 NOK for single recipients and 1800 NOK for married couples. These levels were proposed for all parts of the country (Ot. prp. nr. 52 1952).

The arguments in the proposal for removing the means test were that the strict means test created a strong disincentive to work for people over the pension age, which were still willing and able to work. The growing number of people over the age of 70 would make it necessary for them to work longer. The only way to get the pensioners to stay in the workforce after the age of 70 was to remove the means test, and allow them to earn additional money without losing their pension rights. Other arguments found in the report were that the means test discouraged personal savings, and that people who had saved up for their old age should not be punished for it. The existing rules for the pension discouraged private pension schemes and corporate pension plans, because these would count as income, and thereby disqualify people from the state pension plan. In addition to all these advantages, removing the means test would make the old age pension scheme more just (Ot. prp. nr. 52 1952).

The committee stated that in principle, they agreed that the means test should be completely removed, and a pension should be provided to everyone who meets the age requirement. However, they could not recommend this at the time, because of the large cost attached to the proposal¹³. They concluded that in the coming years, they should focus on improving the minimum pensions, and allowing a higher additional income than what was allowed at the time. The committee did recommend increasing the amount of money one could earn in addition to a full pension from the equivalent of 60 % of the value of pension to 100 % of the

¹³ The Social committee in parliament calculated that a complete removal of the means test at the current levels (1023 and 1152), would have a total cost of 90 million NOK. Although this did not take into account the amount returned through direct and indirect taxation, or administrative savings.

value of the pension¹⁴ (Ot. prp. nr. 52 1952: 16). They also decided that there was no need to increase the level of savings or wealth a person could have, while receiving a full pension¹⁵. The committee agreed that means testing had some negative effects in different ways, and that it should be removed some time in the future, but that the current conditions did not allow for it (Ot. prp. nr. 52 1952).

The recommendations from the committee lead to some significant changes in the old age pension. On the 13th of June 1952, the Ministry of Social Affairs fronted a proposal in parliament (Innst. O. XIII 1952). The proposal had five suggestions: 1) increasing the level of the pension 2) increasing the income limit for reductions in the pension 3) increasing the wealth limit 4) changing how the pensions were regulated 5) removing the condition of citizenship.

The recommendations from the committee were kept with very few changes. This meant that the differentiation between rural and central areas was removed, so the pension was now the same level in the whole country. The level of the pension was changed to 1200 NOK for singles and 1800 NOK for married couples. The means test was also made less restrictive; setting the additional income allowed to the equivalent of 100 percent of value of the pension. The last, but important, change was that the requirement of being a Norwegian citizen to receive a pension was removed. Because people who came to Norway as refugees and asylum seekers had a special need for assistance, they should also have the right to a pension. In addition, people who had moved to Norway and had the same responsibilities as Norwegian citizens, such as paying taxes, should also have the right to receive the same benefits. The Ministry continued the line the Labour Party had showed earlier, that in principle, the means testing of the old age pension should be removed, but other matters were more important to do first, like introducing a disability pension and increasing the levels of the pensions. The proposal passed unanimously (Innst. O. XIII 1952).

5.4.4 The long-term program for 1954-57

In 1953 the Labour Government presented their «long term program» (langtidsprogrammet) for 1954-57 (St. mld. nr. 62 1953). This program had a section on the old age pension, containing a study into the cost of removing the means test. They had found that removing the means test in the old age pension would cost about 66 million NOK at the current levels, and

¹⁴ The pensions were proposed increased to 1200 NOK for singles and 1800 NOK for married couples. The amount of other income they could receive without having their pension reduced was increased to 100 percent of the value of the pension, making it 1200 NOK for single recipients, and 1800 NOK for married couples.

¹⁵ The wealth level had been at 6000 NOK since 1936.

1/5 of this amount would return directly to the state through taxation. The Labour Party continued to argue that raising the level of the pensions were more important than to remove the means test, because the levels were still far too low.

For the period 1954 – 1957 they had plans to gradually raise the minimum level of the pensions to 2000 NOK for single recipients and 3000 NOK for married couples (St. mld. nr. 62 1953: 212). When this level was reached, they would gradually change the eligibility rules by increasing the amount of income the recipients could earn and still be eligible, until the means test could eventually be completely removed. They concluded that raising the minimum level of the pension was one of the most pressing social concerns, and that each state budget in the period would raise the level of the pension as much as they found possible. But they did not commit to a time schedule, and did not guarantee that the goals would be reached in the mentioned period (St. mld. nr. 62 1953).

The following year, Parliaments Social Committee (Sosialkomiteen) proposed an addition to the Governments long term program for 1954-57 (Innst. O. I. 1954). The Social Committee in Parliament at the time consisted of 16 representatives, one from the Christian Democratic Party (Krf), ten from the Labour Party (AP), two from the Conservative Party (H), two from the Farmers Party (B), and one from the Liberal Party (V) (Stortinget 2013). The proposition was to commit the Government to reach their goals from St. mld. Nr. 62 (1953) by the end of the electoral period in 1957. In addition, they proposed a binding agreement to remove the means test from the old age pension when this was achieved. The proposition passed, and all parties agreed to gradually remove the means test over this set period of time (Innst. O. I. 1954).

This showed that there still was willingness to compromise between the political parties of Norway. The Farmers Party, the Conservative Party and the Liberal Party had all put on hold their demand to remove the means test as soon as possible, and agreed to the gradual removal of the means test, until it could be completely removed in 1957. The Labour Government also got their will of increasing the minimum level of the pensions before the means test was removed.

Later that same year the Minister of Social Affairs, Rakel Seweriin (AP), stated that if the level of the pension was increased to 2000/3000 NOK as proposed, removing the means test would cost 94 million NOK. This would be 20 million NOK more than the cost of increasing the level of the pensions without removing the means test (Stortingsforhandlinger 1954: 43).

This statement caused worry amongst some of the opposition, who believed this could cause the Government to not remove the means test as agreed, because it would be too costly to remove the means test after the rates had been raised (e.g. Stortingsforhandlinger 1954: 44). Assurances were made that the agreement was to be upheld by the Labour Party, even though some members of the Labour Government were still not entirely convinced that the means test should be removed as soon as the agreement stated (Stortingsforhandlinger 1954).

5.4.5 The impatient Conservative Party

In 1955, members of Parliament Olsen and Riise, on behalf of the Conservative Party, proposed to remove the means test from the old age pension from January 1st 1956 (Stortingsforhandlinger 1955). This proposal broke with the common agreement to remove the means test in 1957. Although they did not get any support for their proposal, it caused a comprehensive debate in parliament about breaking the common agreement.

Representatives from the Conservative Party argued for removing the means test in the old age pension immediately. Claudia Olsen (H), the main speaker on the topic for the Conservative party, argued that it was nothing new for any of the parties in parliament to talk about removing the means test in the old age pension, but that other parties would never actually pass the bill. She listed many arguments in favour of removing the means test. Firstly, if the pension system was to be seen as just, the means test had to be removed. Means testing was stigmatizing towards the recipients because it was aimed at the poor, and it was unfair that hard working people who had contributed to society through taxation should not receive a pension in their old age. Secondly, removing the means test would reduce the administrative work related to the pension. The complicated regulations and the means test caused a lot of work both for the local administration, but also for the central administration. Thirdly, a means test in the old age pension had negative effects for corporate and private pension plans. If the means test was removed, the recipients could receive other pensions in addition to the national pension (Stortingsforhandlinger 1955: 216-217). She also argued that removing the means test would not greatly benefit the rich, because most of the benefit would be directly returned through taxation. The example of the child benefit was used, to show that a universal benefit did not greatly benefit the rich, because most of the amount was returned through taxation (Stortingsforhandlinger 1955: 216-217).

Representative Erling Petersen (H) from the Conservative Party accused the Labour Party of not being completely honest in their promise for removing the means test. The same

arguments the Labour Party had used to postpone removing the means test up until then could just as easily be used in the future. Removing the means test would give people the opportunity to continue actively in the work force, to benefit both themselves and society. If people over the age of 70 could remain in their jobs and still receive their pensions, more of them would probably choose to do so. Many elderly people found it difficult to not to be able to participate in active, income-generating work. There should be no obligation for the elderly to do such work, but those who wanted to should not be punished for doing so by being refused a state pension. Removing the means test would prove to be a very valuable reform (Stortingsforhandlinger 1955: 225-226). He also argued that although the reductions in administrative costs would not cover the additional cost of removing the means test, it would be beneficial for the economy in a socio-economic perspective by allowing more people to participate in the workforce, thereby increasing the total productive resources (Stortingsforhandlinger 1955: 225-226). With these thoughts in mind, they argued that the means test could be removed immediately from the old age pension, without using the resources that were needed for the other social policy reforms.

Representatives from the Labour Party argued for the importance of increasing the levels of the pensions, and criticized the Conservative party for breaking out of a common agreement. They also accused the Conservative Party for trying to take all the credit for removing the means test, even though it had been a common agreement between all the parties (Stortingsforhandlinger 1955). The Labour Party also got support from members of the Farmers Party.

Representative Løbak (AP) argued that although there were many good reasons for removing the means test, he could not accept that a pension should be given to wealthy people with high incomes before a proper pension was provided for those who were poor. If they were to spend 70 million NOK on the pension, it should benefit those who were worst off, and not those who had other means of supporting themselves (Stortingsforhandlinger 1955: 214-215).

Torvald Wirstad (B) from the Farmers Party stated that for his party, removing the means test from the old age pension had been a main issue for many years. However, when all the parties had come to an agreement to remove the means test in 1957, this agreement should be upheld by everyone (Stortingsforhandlinger 1955: 119). The Farmers Party regarded it very regrettable that the Conservative Party had broken out of the common agreement. Although the Farmers Party did not support the Conservative Party's proposal to remove the means test

from 1956, they did strongly support removing the means test. Because making the pension universal would stimulate workforce participation, and it would stimulate personal savings. Some people regarded removing the means test to be social retrenchment, because benefits were given to people who did not need them. The Farmers Party regarded removing the means test to be social progress, because the pension should be a return of contributions made during working age. The pension should therefore be a right of citizenship and not aimed at the poor (Stortingsforhandlinger 1955: 120).

In the 1955 debate, it was clear that the Labour Party wanted to postpone removing the means test in the old age pension, and the Christian Democratic Party was in agreement with them. The Conservative Party proposed to remove the means test immediately, which also the Liberal Party and the Farmers Party supported. However, the Liberal Party and the Farmers Party did not support the proposal from the Conservative party, because of the existing agreement from 1954. They regarded the agreement from 1954 as binding, and therefore supported the Labour party in this debate. The proposal from the Conservative party was not passed, and the common agreement from 1954 was still in place (Stortingsforhandlinger 1955).

5.4.6 A universal old age pension

In 1956 the minimum pensions were increased to 1860 NOK for single recipients and 2790 NOK for married couples (Innst. O. nr. 48 1956). The plan to reach 2000 / 3000 NOK by 1957 was within reach. The Ministry of Social Affairs proposed to increase the minimum pensions to the mentioned levels on March 8th 1957. The proposal was passed the same day (Ot. prp. nr. 49 1957). The only thing remaining now was to remove the means test. The proposal to remove the means test passed on July 1st 1957, but the means test remained in place until January 1st 1959. Some had wanted this reform since the old age pension was introduced in 1936. Only one political party did not support the proposal, the Communist Party, who stated that they could not agree to remove the means test until the pensions were raised to a higher level¹⁶.

The final proposal raised the levels of the old age pension to 2208 NOK for single recipients and 3312 NOK for married couples (Innst. O. XVIII 1957). This was part of a comprehensive reform of all social policies. The Ministry of Social Affairs had in Ot. prp. nr.59 (1957) argued why they supported removing the means test. In addition to the Ministry of Social Affairs,

¹⁶ They wanted to keep the means test in place until the levels of the pension was raised to 3000 NOK for singles and 4500 NOK for married couples.

many other organizations had a chance to state their opinion in Ot.prp.nr.59 (1957). These were the Ministry of Finance (Finansdepartementet), Ministry of Municipalities and labour (Kommunal-, og arbeidsdepartementet), the Norwegian City Association (Norsk byforbund), the Norwegian District Association (Norsk herredsforbund), and the Norwegian Life Insurance Company's Association (Den norske livsforsikringsselskapers Forening), The Insurance Council (Forsikringsrådet), The Seamen's Union (Pensjonstrygden for sjømenn), The Workers Union (Arbeidernes faglige landsorganisasjon), Norwegian Employers Association (Norsk arbeidsgiverforening), Ministry of Fisheries (Fiskeridepartementet), Norwegian Association for pensioners (Norsk forbund for trygdede og pensionister) and "*Norsk trygdekasselag*" (Ot. prp. nr. 59 1957).

The recommendation from the Ministry of Social Affairs was to remove the means test from the old age pension. The reason for this was based on five main arguments. Firstly, that the existing program bore a resemblance to the old poor relief system when it is limited to those who have no other income. Secondly, the means test created a disincentive for people to save up for their own old age. Thirdly, the means test also created a disincentive for people over the pension age to work, because it could disqualify them from receiving a pension. In association with this, there were socioeconomic benefits of encouraging the elderly to continue working. Fourthly, the means test discouraged the creation of private insurance policies and company pensions, because employers did not want to pay pensions and relieve the state of this duty. Lastly, removing the means test would have large administrative benefits (Ot. prp. nr. 59 1957: 9).

All of the mentioned organizations were in favour of removing the means test, except for "*Norsk trygdekasselag*", The Ministry of Fisheries and the Norwegian Association for pensioners. They did not support the removal of the means test mainly because they regarded the proposed level of the universal pension to be too low, and that increasing the pensions should continue to have priority over removing the means test. Another objection to removing the means test was that it would be wrong, as long as it would mainly benefit those who were already wealthy or had large incomes. The means test should not be removed until other, more pressing social policies were introduced, such as the invalidity pension. None rejected the principle of removing the means test, only removing it at that time. (Ot. prp. nr. 59 1957).

Representative Hølvold (NKP) proposed an alternative proposal, where the means test was kept in place until the level of the pension was raised to 3000 / 4500 NOK, and then removed

(Stortingsforhandlinger 1957: 460). This proposal did not pass, and only received two supportive votes. The proposal from the Social committee was passed with a very clear majority on all points, but the Communist Party voted “no” on the area removing the means test, and the area regarding the new method of financing the pension (Stortingsforhandlinger 1957).

Some members of parliament also had doubts towards the new old age pension, and its administration. Member of parliament Helge Seip (V) argued that with the new financing method, everyone who had an income of more than 6000 NOK would pay full contributions to the old age pension fund (Stortingsforhandlinger 1957: 463). If a married couple both had jobs and an income of more than 6000 NOK per year, they would both have to pay fees to the pension fund. However, because they were married, they would only receive one and a half full pensions, even though they had both paid full contributions to the pension fund. However, if they only had one income of over 12 000 NOK, they would only have to pay one pension fee. If they were not married, both would receive a full pension each even if they had not paid contribution fees. Seip argued that the right to a pension had to be universal and uniform, for all men and women, whether they were married or not, and without regard for previous earned income (Stortingsforhandlinger 1957). The Minister of Social Affairs, Harlem (AP), replied that there should be “*no benefits for getting married*” (Stortingsforhandlinger 1957: 467 (my translation)). He argued that it was more expensive to live alone than to live as a couple, so the total pension per person for a couple should be lower than the pension for a person living alone. Everyone who had an income should pay the pension fee, and those who did not have an income should not have to pay the fee (Stortingsforhandlinger 1957: 467). This would secure redistribution between those who worked and those who did not.

The “non-socialist” parties seemed to be most content with the removal of the means test in the old age pension. Some of them had wanted this reform since the old age pension was introduced, and had worked for it ever since. Although all the parties in the Norwegian Parliament in principle agreed that the pension should be universal, removing the means test had never been the top priority for the Labour Party and the other “socialist” parties. They had preferred keeping the pension aimed at the worst off, and redistribute from the wealthy to the worst off. The new old-age pension removed some of the redistributive effect from the rich to the poor, because of the way it was financed, and the main type of redistribution left was that

between those who had an income and those who did not have an income¹⁷. The main benefactor in the new system was probably women, because most women did not work.

5.5 Objections to a universal old age pension

By the time the means test was removed in 1957, all parliamentary parties except for the Communist Party were in favour. Their main objection was that if more money was going to be spent on the old-age pension, it should go towards increasing the payments to the worst-off, and not go towards payments to people who were wealthy or had high incomes. They also argued that there were “important social issues” to consider before removing the means test (Stortingsforhandlinger 1957: 457). Further, Communist Party representative Hølvold argued that if the means test was removed, they could not afford to increase the pension further in the near future, making the conditions worse for the poorest as the cost of living was increasing. In earlier discussions, the main objections were that a universal old age pension would be too expensive, and that pensions would be given to people who do not need them (Stortingsforhandlinger 1957: 457).

The Labour party had managed to postpone making the pension universal by arguing for raising the level of the pension for those already eligible, instead of extending coverage to new groups. They also postponed removing the means test by arguing that it would be wrong to give a pension to those who did not need it, as long as the pensions were so small for those who did need it. There was very little resistance towards making the pension universal in 1957, but some discussion on the funding of the pension.

5.6 Summary:

The old age pension may have been, and still is, one of the most important social policy areas in the Norwegian welfare state. The idea of a state organized old age pension has been around since the 1800’s, and it is still a much debated policy area. The history of the old age pension shows that it has been discussed widely, and strong opinions have been attached to it. There have been many debates as to how it should be financed, how it should be organized and who should be covered by it. Table 2 shows different proposals for an old age pension.

¹⁷ Before 1957, the pension had been financed by a 2.1 % special tax on all income. After 1957, the pension was financed through a premium of 273 NOK. All incomes over 6000 NOK paid the full premium, incomes over 4000 NOK paid 2/3 of the premium, and incomes over 2000 NOK paid 1/3. Incomes under 2000 NOK paid nothing.

TABLE 2 Different proposals for the old age pension

Year	Who proposed it?	The proposal	Who supported it? / Did it pass?
1936	Labour Government	Strictly means tested on income and wealth	All parties (unanimous) / Passed
1948	Labour Government	Simplifying the deduction rules (lightening the means test). Increasing the pension	All parties (unanimous) / Passed
1950	Farmers Party representatives Moseid & Borgen	Remove the differentiation between rural areas / central areas. Lightening the means test.	Farmers & Conservative Party representatives / Not passed
1951	Farmers Party representatives Moseid & Borgen	Removing the differentiation between rural / central areas. Increase income limit. Increase wealth limit.	Farmers Party representatives / Not passed
1952	Liberal Party representatives: Valen, Ingebregsten, Røiseland & Vindenes	Removing the means test completely	Liberal & Farmers Party representatives / Not passed
1952	Labour Government	Remove differentiation between rural / central areas. Increase pensions. Remove requirement of Norwegian citizenship.	All parties (unanimous) / passed
1953	Labour Government	Long term plan for 1954-57: Gradually increase the pension, remove means test when set level was reached	All parties (unanimous) / Passed
1954	Social Committee	Gradually increase the pensions to specified level, and then completely remove the means test by 1957.	All parties apart from Communist Party representatives / Passed
1955	Conservative representative Olsen	Remove the means test from January 1 st 1956.	Conservative Party representatives / Not passed
1957	Communist Party representative Hølvold	Means testing is continued until the pension levels have reached 3000/ 4500 NOK. Income limit is increased to 200 % of the pension.	Communist Party representatives / Not passed
1957	Social Committee	Removes the means test completely. Universal old age pension.	All parties, apart from Communist Party representatives / Passed

All data collected from the sources referred to in chapter 5

With regards to making the pension universal in Norway, all the political parties apart from the Communist Party seem to have been in agreement that a universal old age pension should be provided to everyone, regardless of other income and wealth. Although some showed more support for this ideal than others did. There have been many arguments in favour of removing the means test from the old age pension. It took many years, but in 1957, it was decided that all persons over the age of 70 should receive a pension regardless of other income and wealth. All parties agreed that making the pension universal was the simplest, most effective and most just solution, once the worst off had been lifted to an acceptable level.

The arguments for making the pension universal have been the same almost every time the topic was debated. The same arguments have been put forth in different forms from different people. The main arguments were related to associations to the old poor relief system, because it was strictly aimed at the poor, and could be stigmatizing towards them. Second, the arguments related to administration, that the cost of controlling and checking applicants was more costly than paying a pension to everyone. Thirdly, the arguments related to the work and savings disincentives caused by the means test. Lastly, the strict means test discouraged corporations and companies to create professional pension plans, and it discourages the creation of private pension plans and insurance.

6. Comparing the arguments

This chapter will compare the arguments found in the three different policy proposals studied in this thesis. My intention has been to identify and examine the arguments for a basic income, and the actual arguments set forth in favour of other universal policy proposals in Norway at the time of introduction. Table 3 gives an overview of the arguments in favour of a universal basic income, the arguments for the universal child benefit scheme which was introduced in Norway 1946 and the universal old age pension scheme which was introduced in 1957.

During the data collection process and working with the material, I have grouped the arguments into four categories. These are: I) arguments related to freedom and justice, II) post-productivist, feminist, and green arguments, III) economic and administrative arguments and IV) arguments related to poverty and social justice. The categories are not mutually exclusive and some of the arguments may fit into more than one category, but this division is regarded as useful for this purpose.

Which arguments which were put forth in the child benefit scheme and the pension scheme debates, have been or are also used in support for a basic income? It is clear that the literature surrounding basic income and the debates leading to the passing of the child benefit scheme and the universal old age pension scheme in Norway have discussed many of the same issues, using many of the same arguments. The table shows that the arguments in category I, related to freedom and justice are important in the basic income debate, but were not important in Norway during the discussions of the child benefit scheme and the old age pension scheme. The freedom and justice debates are one of the largest debates in the literature on basic income, and the literature on the topic continues to grow. These issues which are important in the debate on universalism today might not have been on the Norwegian political agenda in the 1940's and 1950's.

The arguments in category II, related to post-productivism, green and feminist considerations are mainly found in the basic income debate. Post-productivist and green considerations are rather new themes on the political agenda, so there is no surprise when finding that these types of arguments are common in the basic income debate, but were not common in the two other cases. Some of the feminist arguments put forward in the basic income debate were also on the agenda in the other two debates, more so in the case of the child benefit scheme than the old-age pension scheme. This may be because the child-benefit scheme was to be given to

mothers and thereby giving women cash income independent of their husbands. In the period the child benefit discussion took place, married women usually did not work or have an income.

TABLE 3 Comparing the arguments

Types of arguments	Arguments in favour of universal welfare benefits	Basic income	Child Benefit	Old age pension
I) Related to freedom & justice	Normative liberal justifications Normative Republican justifications Marxist / Communitarian justifications Conservative justification Democratic justification	X X X X X		
II) Related to post-productivism, green & feminism considerations	Post productivist and green: Crisis in traditional models of family, collective actors and social security / welfare programs Move towards a more ecologically concerned society Full employment is undesirable and/or unattainable Gives value /recognition to unpaid work Option to live life outside of traditional employment Creates more innovative society Feminist: Improve economic independence/autonomy of women Reduce the “free-riding” of men on female unpaid labour Establish same income floor for men and women / reduce gender differentials in income support Gives women opportunity to stay home *	X X X X X X X X X X X	 X X	 X
III) Related to economic & administrative considerations	Full take-up / simpler system to understand Reduction of administrative costs Macroeconomic benefits Increase in school attendance and continuation Decrease levels of hospitalization Economic support is needed in all families Means-testing a disincentive to private saving and active work; removes savings/unemployment/poverty traps Dissatisfaction with existing welfare schemes	X X X X X X X X	X X X X X	X X X X X
IV) Related to poverty and social justice	Aversion to means test; avoids humiliating and stigmatizing testing and control of behaviour; dignity Social security as a right Remove “social division of welfare” Improve bargaining power of employees vs. employers Reduce poverty Equality; universalism; everyone is treated equally Increased autonomy for individuals and families Post WWII vision of the “good society”/ Welfare state Worst-off will benefit the most Foster support for public social security system	X X X X X X X X X X	X X X X X X X X	X X X X X X

Sources: All information is collected from the sources referred to in chapters 3, 4 and 5.

*This argument is used both in favour and in opposition to the proposals.

The largest opposition to the child benefit scheme also came from the feminist movement, who argued that they should rather focus on ways of getting more women into the workforce than making them stay home (see chapter 4.4). The feminist movement is still divided as to

whether cash benefits, or other social schemes making it easier for women to work more, is the best way to empower women.

As the table shows, the arguments in both category III and IV are important in all three cases, and many of the arguments in these categories are found in the debates surrounding all three policies. In category III, related to economic and administrative considerations, the most important argument in all three cases was the reduction of administrative costs. The main gains of making benefits universal are that it makes the system both easier to understand for people at large, but also easier and cheaper to administer. Another important argument in all three debates is that means-testing creates a disincentive to work and save, and therefore has negative effects. Removing the means test also removes the poverty/unemployment/welfare- and savings-traps that can keep recipients from working and out of fear of losing their benefits or that the marginal tax rate is too high. In the debates surrounding the child benefit and the old age pension schemes, the “socialist” parties usually argued it would be cheaper to limit the benefits to those who were worse off, while the “non-socialist” parties thought it would be cheaper overall to make them universal, which would also imply giving benefits to the rich.

The arguments in category IV, related to poverty and social justice also show many important similarities. The most important feature of these arguments is that it shows respect for equality and consideration for the worst off. In the debates surrounding all three proposals, there is agreement that means-testing can be stigmatizing and humiliating for the recipients, and that welfare schemes should be a social right rather than a hand-out to the poor and needy. There is also a general agreement that the principle of universalism is seen as the most socially just, and the simplest and most effective way of administering social security schemes. This is especially clear in the debates leading to the passing of the universal old age pension, where all parties frequently mentioned that they “in principle” supported making the pension universal, but “not at this time”, because they would rather increase the minimum income level for the worst off *before* making the benefit universal. This was argued even by the representatives from the Communist party who voted against the proposal in 1957 (Stortingsforhandlinger 1957). There also seems to be a common understanding that support for welfare schemes improves when they are universal, and not targeted at specific groups (Korpi & Palme 1998: 682).

7. Final remarks

This thesis started with an introduction to the basic income idea, and has analysed and identified the arguments for a basic income, the universal child benefit in Norway, and the universal old age pension in Norway. My purpose has been to identify and examine the arguments which have been put forth in favour of a basic income scheme and the currently existing universal welfare schemes in Norway, at the time of their introduction. The goal has been to provide a comparison of the arguments in the three proposals to contribute towards debate and knowledge on the topic of basic income in Norway. This chapter will mark the end of the study with some concluding remarks, some thoughts on the contribution of the thesis, and suggestions for further research.

7.1 Conclusion

The answer to the research question “*What are the arguments used to promote a universal basic income, and how do they compare to the arguments leading to the introduction of other universal income schemes in Norway?*” is that there are many arguments used to promote a basic income, and some of them are similar to the arguments used to promote other universal welfare schemes which have been introduced in Norway. The results show many similarities between the arguments put forth in support of a basic income, and in favour of the two other schemes studied in this thesis. Most clearly the arguments are similar in two areas: arguments related to economic and administrative considerations, and arguments related to poverty and social justice.

The arguments for universal policies in the Norwegian historical cases both include strong normative ideas about social justice, equality, solidarity and human dignity. All political parties in Norway agreed to the goal of developing universal welfare programs after WWII, as manifested in their Joint Programme (Fellesprogrammet 1945). After WWII Norwegian politicians expressed a deep dissatisfaction with the poor relief system, which was stigmatizing and paternalistic, and social security as a right became a goal for all parties. These values of human dignity, equality and social justice are also well manifested in the basic income literature. Many of the arguments in all three policy proposals are related to the negative effects of means testing. The means test along with the asset test is argued in all three cases to cause work disincentives, personal savings disincentives, welfare traps, stigmatization, paternalistic relationships, and unfairness. The negative effects of means testing and of targeting social policy at the poor represent the core considerations in favour of universal benefits.

The difference between the child benefit, the old age pension and basic income is that the first two are aimed at people who are not expected to contribute to society. Basic income is aimed at the entire population, but able bodied people of working age are expected to work and pay taxes. If an option was made for them to stop working, many would regard this as unfair, as well as economically impossible. The question of whether a policy can be afforded is not only strictly a budgetary concern, but also a political concern. Many new social policies have been objected to because of the expected cost, but they have been affordable after introduction. The history of the old age pension and child benefit studied in this thesis is an example of this. They indicate that the cost objection can be outweighed by political concerns.

The question of whether society should provide benefits for people who do not need them, or do not deserve them, cannot be answered here. The purpose of this thesis was not to conclude whether basic income is a preferable proposal for Norway or not. That discussion I leave to the politicians. The clearest differences in the arguments identified in this study could be on the account that the two Norwegian debates took place in 1946 and 1957, and the circumstances and political environment has changed a lot since then. For example post-productivist, feminist and green concerns are a lot higher on the political agenda in Norway now than it was in the 1940's and 50's. The "work line" in Norwegian social policy is also more prominent now than it was in the 1940's and 1950's.

7.2 Contribution of the thesis and suggestions for further research

The basic income idea has been mentioned in a few government documents and reports, but it has not been researched in detail by Norwegian governments. The few times it has been mentioned, it has been briefly. In most of the reports, it is recommended to do some research on the topic, because it potentially can have positive effects. But the Norwegian governments generally do not find the proposal interesting because it does not fit with the strong focus of the "work line" in Norwegian social policy (Fløtten et al. 2006: 17). This thesis has contributed to an understanding of the basic income idea, and the arguments used to justify basic income. This exercise can provide a more informed basis for discussions of the possibility, likelihood or desirability of basic income in Norway.

Following other reports (eg. Fløtten et al. 2011, ECON 2001), I would suggest that more research be done on basic income in Norway, and what effects a basic income could have on the labour market, for poverty reduction, macroeconomic effects, including potential effects on health and education, as well as other socioeconomic effects. The theoretical aspects of

basic income have been studied and discussed in detail, but the potential for empirical experiments and pilot projects are great. Basic income is argued to have potential effects on many aspects of society, so there are many possibilities for empirical studies if the opportunity arises for more large scale pilot projects. A more open question which could be asked is whether universal welfare benefits have a future in Norway. Although universal benefits have always been popular in Norway, is this still the case? And are potential new benefits going to be universal in nature? These topics should be questions for future research.

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