

Where tax goes up to 60 per cent, and everybody's happy paying it [UK] ^[1]

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EXCERPTS

Political parties have been vying to offer the biggest tax cuts as the credit crunch tightens its grip on Britain. In their view, low taxes are now the best way to get the economy going and to help out families.

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But is this the best way to proceed in the long term, and would UK taxpayers get better value for money if they paid more, rather than less?

One way to examine the issue is to compare state help provided by the British government to one which traditionally charges much higher taxes: Sweden. Swedes support the second-highest tax burden in the world - after Denmark's - with an average of 48.2 per cent of GDP going to taxes. Yet Sweden, along with equally high-taxing Denmark and Norway, tops almost every international barometer of successful societies.

Swedes' personal income tax can be as little as 29 per cent of their pay, but most people (anyone earning over £32,000) will pay between 49 and 60 per cent through a combination of local government and state income tax.

By comparison, the UK's tax burden is 36.6 per cent of GDP, the basic rate of tax is 20 per cent and the higher rate 40 per cent, plus National Insurance at 11 per cent for those earning between £105 and £770 a week, and 1 per cent for anything earned above this limit.

But for most Swedes paying high taxes is a benefit, not a problem. 'I am very happy to pay high taxes because I know I am getting value for the money later on,' says Valentina Valestany, a 39-year-old legal adviser. She is especially pleased with the school her daughters Westa, 15, and Anastasia, 13, attend. 'Lunches are free, it was no problem getting in. My daughters receive a very good education and they have great teachers.'

Nicholas Aylott, a 38-year-old British lecturer, is working as a political scientist at Stockholm's Södertörn University College.

'If you start talking to someone in Britain, you can be fairly sure that they will end up saying that taxes are too high. In Sweden, you can't do the same,' he says. 'Most people trust the state to manage taxes well. There's a broad, deep faith that the money going into the welfare state will be employed usefully.'

But he also points out that self-interest is at play: 'The median voter is a woman who works for the public sector, and around two-thirds of the electorate draw most of their income from the state, either because they work in the public sector or draw benefits from it.'

Overall though, he says, 'Swedes are very attached to the idea of the state as the People's Home. Everyone in society is under the same roof, everyone will be protected. Sweden is now a more diverse society, but this idea still persists.'

And Swedes are well provided for. Year after year Save the Children puts it at the top its league of countries where it is best to be a mother; the country is sixth on the UN Development Programme's human development index (the UK is 16th); and Unicef ranks it second in its table of child wellbeing in rich countries. Maybe Sweden proves that it's worth paying high taxes.

Childcare

Childcare is important to Aylott and his wife Elena as they have a young son, and in Sweden, they have found it affordable, available and generally of good quality.

'The kindergarten that our son Alex attends costs just 1,200 kronor (£97) a month. I have relatives in London who pay 10 times that,' he says. 'It was no problem finding Alex a place as there are plenty of local kindergartens where we live. In Sweden we are able to raise a young child and hold two demanding jobs at the same time. In Britain, it wouldn't be as easy.'

Aylott and his family are enjoying one of the many benefits Sweden offers its residents. Aside from universal kindergarten coverage,

Swedes enjoy free schools - public and private - free health and dental care for under-18s, or generous personal benefits such as a child allowance of £1,080 a year per child.

But the most eye-catching benefit is probably parental leave. Parents enjoy a joint parental leave lasting 480 days. For 390 days they receive 80 per cent of their income, capped at 440,000 kronor a year (£35,800), while for the remaining 90 days they receive 180 kronor (£14.60) a day. In theory the leave is split fifty-fifty, but it is up to the couple to decide how they want to organise it. One partner can give as many days as he or she wants to the other so long as each parent takes up to 60 days at the minimum. A single parent is entitled to the full 480-day period.

For some couples, this means the father can become the child's prime carer during the first years. 'I'm taking 15 months off while my wife, Anne, will take five months,' says Gustav Levander, 31, a teacher and musician. 'Some of the leave we're taking together at the same time, while for other periods either Anne or I will be at home while the other is at work. It's unbelievably good that I have the opportunity to stay at home for a long time. My son, Olle, will get the chance to know me well in his early years.'

In the UK, fathers can only take up to two weeks of statutory paternity leave, unless their employers offer them a more generous period.

Swedish parents can also stretch the leave by taking it part-time. 'You can take off an hour or two a day for certain periods, if you want. So if you want to leave work earlier to pick up your child from kindergarten, you will be paid by the state for the missing hours,' says Niklas Löfgren, an analyst at Sweden's Social Insurance Agency.

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The UK government offers all three- and four-year-olds 12-and-a-half hours of free early years education a week for 38 weeks a year, with a registered school, nursery or playgroup provider. But the hours can only be taken in two-and-a-half hour sessions (either for a morning or an afternoon), meaning you can't actually get a full day of free childcare.

If you are employed and fall pregnant, you are entitled to statutory maternity leave of one year, and may be entitled to receive statutory maternity pay for up to 39 weeks regardless of how long you've been with your employer - but fathers can only take up to the two weeks statutory leave.

All parents are entitled to claim child benefit for children under 16. At the moment, you can claim £18.80 a week for the eldest or only child, and £12.55 a week for any additional children.

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Unemployment

In case of unemployment, most individuals receive 80 per cent of their previous salary for the first 200 days of inactivity - up to 680 kronor (£53) a day - dropping to 70 per cent for the next 100 days.

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If unemployed Swedes were not prior members of an unemployment insurance fund, they receive the basic unemployment benefit of 320 kronor (£25) a day for 300 days if they worked full-time, dropping to 160 kronor (£13) if they worked part-time. During that time, unemployed Swedes must show that they are actively looking for work. If they refuse the first job offer, they lose 25 per cent of their benefits for 40 days. If they turn down three job offers, their benefits are suspended. If Swedes have not found a job after 300 days, they will be enrolled into a job training programme until they find one, receiving 65 per cent of their previous income during that time.

Contribution-based Jobseeker's Allowance, the main benefit for people in the UK who are eligible and out of work, pays £47.95 a week for people aged 16 to 24 and £60.50 a week for those aged 25 or over.

To qualify you must be able to work at least 40 hours a week, be looking for work, have paid enough National Insurance on your income, have savings less than a certain amount and be over 18 years old and under state pension age.

- reprinted from The Guardian

Region: Europe ^[2]

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