The geese that was plucked without hissing

Public opinion and the tax rates in Sweden 1950 – 1990

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Innehåll

1. Introduction

After World War II, Sweden changed. During several decades, the tax ratio increased continuously without anything seeming able to stop it. It ended at record high levels.

Behind this development was a social democratic party with great ambitions. Revenues from taxes went to fund the growth of big government. Tage Erlander, who was prime minister between 1946 and 1969, intended to socialize the incomes[1], but what happened was something much bigger and more ambitious. Tax rates rose so much that one can speak of the socialization of the entire household economy. A large part of the income was socialized by increases in municipal taxes and payroll taxes. The introduction of a tax on consumption and several excise taxes socialized the consumption. Capital taxes were increased but did not get the sought-after effects when the rich left the country; hence the taxation was mainly directed towards ordinary wage earners.

This historically and unique change has drawn the interest of several researchers. They have tried to explain the trend towards a higher tax rate as a result of increased incomes, improved taxation techniques or changing demands of state production. No one has investigated whether the old tradition, with roots in Niccolò Machiavelli's advice that a prince must look towards his subjects, can offer an answer to the question. If this is the case, part of the explanation for the state's major expansion will consist in the public support for this expansion.

The purpose of this study is to answer the question if the increase in the tax rates between 1950 and 1990 can be explained by a change in public opinion about the taxes in the same period.

To answer this question, a quantitative content analysis of about 7000 “letters to the editor” in the Swedish newspaper Expressen between 1950 and 1990 is conducted. This material is then complemented with previous polls, etc that has partially examined the same issue. The material totaling shows that there has been a change in opinion, and that the Swedes over the years have increased their acceptance of taxation. The analysis also discusses and criticizes theories claiming that the Swedes are ‘state individualists’ and questions are raised about what the consequences the 1990/1991 tax reform has had on the tax ratio.

The essay begins with a background part where changes in tax rates, national accounts and techniques are discussed. After that the previous research is reviewed, and this is followed by a presentation of idealistic theories that have had famous supporters. With this a research problem appears, due to the fact that the idealistic tradition has been totally ignored when attempts have been made to explain the social change. This is followed by a run through of the method, which purpose is to try to construct a public opinion analysis through the study of letters to the editor in the relevant period. The results section summarizes what the study showed. The analysis section discusses what kind of conclusions can be drawn based on the survey.

2. Background

[1] More on this can be found in Feldt (2012: 20-29).

Taxation between 1950 and 1990

Between 1950 and 1990, the tax ratio, which is defined by a country's tax revenues as a share of GDP rose from 21.0 percent (Rodriguez 1981: 18) to 52.3 percent (OECD 2014). This represents an increase of about 150 percent, or 31 percentage points.[2] The individual taxes that increased the most during this period was the "employer fee" (ESS 2006: 101) and the moms [VAT in English] (or oms as it was first called) that didn't even exist in 1950 but at the end of the period was over 20 percent (Ekonomifakta 2014A).

During the year of 1990/1991 a major tax reform was conducted with the main objective to simplify the tax system, without necessarily affecting revenues (Santesson 2012: 124). This was the biggest tax reform ever undertaken in an industrialized country (Santesson 2012: 127).

On November 23, 1988, the Social Democrats held a press conference where they presented the report "Fiffel och båg eller skatt efter bärkraft." [Cheats and tricks or taxation after your ability] It gives an idea of the motives behind the tax reform. It is clear that the perceived problem is that there are great possibilities for deduction of tax and that the tax system needs to be more general and transparent. The preface begins as follows:
"The Swedish tax system is working badly. The hunt for tax deductions and the advanced tax planning increases. This rapidly undermines the credibility of the tax system. "

Previous surveys of public opinion

Here is a review of several studies that have investigated what people thought in this period a number of different issues. Many of these studies is about taxation and government spending and those who does not cover these topics are reported anyways to show which opinion polls that have existed historically, even if they don't can be used.

"Väljarnas sakfrågeåsikter"

Since the parliamentary elections in 1956, questions have been asked to the voters in connection with every election regarding the voters' opinions on various issues. These questions and answers were summarized by Malin Forsberg and Per Hedberg in the document "Väljarnas sakfrågeåsikter 1956 - 2010".

A section is related to the voters' opinions about taxes. Common to the questions posed is that no one was posed in the same way in all elections between 1950 and 1990, nor that it was asked in such a way that one could trace any kind of change in opinions over a long period of time. In cases where the same question was asked during several elections, these elections are almost always close together.

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[2] Since the measurement method has varied between these years, it may be difficult to try to be too precise in the determination of how much the tax burden has grown. What we can say with certainty is that the quota has increased much.

Two questions have been posed in a number of studies over nearly all the relevant period. One is about people's preferences about banks and industry, and another is about grants.[3] The question about grants aimed to investigate whether people thought that social reforms had gone so far that the grants should be reduced rather than increased. In the question one cannot note any change in relation to whether people are negative or positive to lower premiums, however, one can see that the issue diminishes in intensity as the number who choose the answer options "strongly agree" and "totally opposite opinion" decreases.

Vogel's investigation and the follow-up by Hadenius

In 1968 the political scientist Joachim Vogel did a survey on Swedes' attitudes to tax. At the beginning of the 1980s, political scientist Axel Hadenius followed-up on this and he summed up his findings in an anthology on tax research that the Swedish Riksbank published.

Vogel's survey had a response rate of 80.6 percent of 1,200 people and Hadenius had with the same selection a response rate of 77.2 percent. All interviews were conducted in collaboration with Statistiska Centralbyrån. In addition to interviews, they had access to information about how much tax the respondents paid, their income and the social benefits received. "The project has thus an internationally rather unique database" Hadenius writes.

He summarizes the survey results as follows:
"The comparison with Vogel's survey shows that tax discontent has not been strengthened since the sixties. Regarding the general level of taxation the perception is noticeably more positive at the beginning of the eighties. But one important exception exists. This applies to the marginal taxation, where people are much more negative than before. "(Hadenius 1985: 32)

When he makes a causal analysis to explain this result, he concludes that political attitudes are more important than socio-economic factors and political resources.

Welfare state survey

In 1986 the project "Välfärdsstatsundersökningen" is initiated in order to study the Swedish people's attitudes towards the welfare state. The second report is published in 1992. Stefan Svallfors who is currently working on the project says on an online information page that there were very many misconceptions about people's attitudes towards the welfare state before this was done.

That it is only in the late 1980s that such a thorough examination is done may explain why many of the essays and articles written about Swedes' opinions on tax deals with the period after the 1980s. A good example is Annerstedt & Eriksson (2012) which not only explores precisely the period, but also uses the welfare state survey materials.

Riks-SOM-undersökningen

[3] More specifically, the question was "If you choose an answer on this card, what do you think about: The social reforms have gone so far in this country that the state ought to reduce rather than increase the grants and support of citizens?"

National SOM surveys, where the Swedes are questioned about their attitudes and opinions on various issues, have been implemented from 1986. These contain nothing explicit about taxes but about people's opinions on the public spending level.

3. Previous research

Some of the previous research are theories on state expansion, which don't primarily deals with taxation. They are nonetheless relevant to this paper as taxation and expenditure are so closely linked.

A modern state has four main methods of obtaining revenue. It can gain money through taxation, increase the amount of money, incur debt or conduct business. The government's ability to incur debt is directly dependent on the previous two collection methods. For the modern state's ability to finance its expenditure taxation has been of great importance and therefore are also theories that focus on government spending interesting.

The reason that the essay analyzes the tax instead of government spending is that that it is more intuitive for ordinary people to react to taxes which are a cost to the people who pay them, than on expenditure which on contrary may benefit them.

The previous research on the topic is massive. Initially various theories of the state's size is to be presented. This is followed by a review of the theories of Swedes relation to the state and finally research on taxation in Sweden during the period is discussed.

What determines the size of the state

Growth and values

Adolph Wagner noted during the 19th century that the state grew in conjunction with the rest of the economy, both relative and absolute (Peacock & Scott, 1999: 2). He calls it a law, because he understood a law as a number of empirical events that form a regular pattern (Ibid). The economist Stephen Kirchner describes, in a review of different reasons that states grows, Wagner's Law as "one of the most enduring theories" (2011: 9). Doing a quick overview of the empirical evidence it's not hard to understand why it had such an impact. The 20th century was marked as much by a government growth by growth in the rest of the economy.

This theory is what in the analysis of the government size is usually called "demand-oriented", as it focuses on citizens' demand of the state rather than on the state's ability to grow on its own. It does not ignore people's values, but links them entirely to a particular factor.

Another theory, which studies the relationship between increased prosperity and changing values, is called the modernization theory. As an example we may choose Ronald Inglehart and Christian Welzels renewed modernization theory, as presented in the book *Modernization, Cultural Change, and Democracy The Human Development Sequence*. In the book, the authors claim that increasing material prosperity leads to changed values in several areas. Value changes occur mainly in areas related to the perception of independence, such as equal rights for homosexuals, the disabled, women and people in general (Inglehart & Welzel 2005: 47). Inglehart and Welzels work is not about taxes, but may still be of interest when they claim to have found a clear link between material wealth and values.

Technological change

In the article *The size of Government* James Kau and Paul Rubin (1981) claims that the growth of the state that have occurred internationally can be explained by changes in technology. Increased specialization in law, and women entering the labor market has made it easier to collect the tax, which explains why the state has grown. Although Kau and Rubin discusses an international trend, one can observe similar factual evidence in Sweden. This is a supply-oriented theory as it focuses on the state as an actor in the shaping of its own growth instead of citizens.

The state as a provider of services

The "Baumoleffect" is named after its creator, William Baumol. He claimed that the State mainly needed to offer certain services, and when commodity production has had a higher productivity development than the service development, the state has grown to compensate for this (Baumol 1967). This theory is also demand-oriented. One should not believe that demand-oriented theories are opinion-oriented. In a way, it may appear that they are related, because it is the citizens' demand of a larger state that creates a larger state. But because it sees a strict causal relationship between a larger economy and the citizen’s demand of a larger state, it should still be considered as materialistic, because it leaves no room or explanatory power to the peoples independently formed opinions.

The causal flow of this effect is well treated in political science literature, and a work that should be mentioned is An Economic Theory of Democracy (Downs 1957). In this Anthony Downs explains how the parties relate to voters' opinions, which the demand-theoreticians believe is directly dependent on the material causes, and how those parties that do this best succeeds in maximizing their voices and survive in the long run.

Studies of the Swedish government expansion

The anthology *Explaining the Growth of Government* (1988) is a good example of the recurring tendency to analyze state expansion as a general trend that has taken place over several countries. In the initial review of the theories the phenomena is regarded as an international one. But in the second half of the book, the focus is on individual countries and this is where one can find an exception that is interesting for this thesis.

In the article, the Swedish Government Growth: A disequilibrium Analysis (1988) economist Magnus Henrekson study the increase in spending that has taken place in Sweden after 1950. Henrekson mentions several factors that could have influenced. The one he seems to regard as the most important is a supply-oriented version of Baumol's effect, as officials in the State have seen the need for a larger state, and not, as in the above description, the citizens. Change in public opinion as a possible endogenous explanation is entirely omitted.

Early summary

The opinion-oriented approach to explain social change, and thus changes in both government spending and taxation, is very different from the theories above. It is based on what people think and is based in their own minds rather than reviewing material factors that somehow will lead to automatic changes in ideas about what reality are. It is assumed that theory, it seems much more natural to study opinions than others in order to understand development.

The demand and supply-oriented theories is not of an exclusive character. A demand theory can be supplemented by another demand theory and also by a supply theory. If one is true, another one can be so as well, and in some cases they are interdependent. In an article that reviews a number of different theories, authors Thomas Garrett & Russell Rhine say that "government growth is likely to be a function of some or all of the above theories" (Garrett & Rhine, 2006: 27).

But the opinion-oriented theories presented below are to some extent exclusively in relation to supply and demand theories. If it is the case that social change occurs as a result of changes in what people think, then it is most reasonable to only focus on opinions.[4]

The Swedes' relationship to the government

Researchers in various fields have studied how Swedes relates to the state and on what foundation that attitude is based. The essay can be judged within this discourse and possibly present a new perspective on the issue.

Below are two of the most acclaimed tenets of the previous research to be mentioned. For a more detailed description of previous research and a critical review, Möller (2001 & 2014) is recommended.

The Swedes as state individualists

The journalist Henrik Berggren and historian Lars Trägårdh presents in their book "Är svensken människa?" [Is the swede a human?] (2006) a theory that has received much attention. They claim, supported by a rich historical material that stretches far back, that the Swede is an individualist. The individualism has however taken a special expression. Since Swedes do not want to be dependent on their loved ones they have established a relationship with the state, which freed them, the Swedish individualists. The relationship goes both ways, not just the Swede wants to be free from others, you do not want to be a burden on other people. By embarking on a love affair with the government, the Swede had got rid of the asymmetrical relationship with other people that she hates so much, and she can finally co-exist with others on equal terms.

In the chapter on the "Swedish Love," which was the subject study that led the authors to write the book, the theory is summarized in a few sentences:
"The social contract we have studied in this book has not derived its strength from the past but also served as the midwife of modernity in Sweden. Geijers vision of the Swede as an independent and self-sufficient individual, linked to their co-nationals of a non-governmental

[4] This reasoning is expanded on further in the section concerned with the analysis.

community in the safe state pastures, have shown a remarkable ability to mutate in tune with the contemporary demands and change. "(Berggren & Trädgårdh 2006: 367)

The discontent of the rising expectations

In his dissertation "Kommunen som serviceproducent" political scientist Bengt Owe Birgersson presents a thesis of a "service paradox". The theory is reminiscent of Tage Erlander's concept of "the discontent of the rising expectations". Birgersson writes this in his summary of the thesis:
"[T]he proportion of respondents who reported unmet demands in several areas was greater in those municipalities where the service was the best-developed."

The greater public service, the greater the demand for it. If this is correct, it would mean that a small public investment would trigger a spiral of ever-growing state. This would therefore be a possible explanation of the emergence of the big government in Sweden.

Studies of taxation in Sweden

Svensk skattepolitik 1945 - 1970 En studie i partiers och organisationers funktioner is an extensive review written by political scientist Nils Elvander. Elvander shows how various interest groups and parties have thought of various tax matters between 1945 and 1970. Of particular interest may be the fact that there has not been any actor other than the Taxpayers Association that has been opposed to taxation in a straightforward way after 1950. The Cooperative Union (KF) initially reacted against the general level of taxation (Elvander 1972: 46fff), but Finance Minister Sträng didn't even bother to answer the criticism (Elvander 1972: 58) and a general critique of taxation was widely absent during the period. The business sector mainly directed its criticism towards the estate tax or inheritance tax.

Elvanders work also shows that discussions on a comprehensive tax reform, which took its fullest expression in the 1990/1991 year's major tax reform, was present during the period examined.

Political scientist Jörgen Hermansson has in the *study Politik som intressekamp : parlamentariskt beslutsfattande och organiserade intressen i Sverige* a section dealing with taxation in Sweden. He tells us how the tax system in the 1970s, stops working as it was intended and that the Swedes suddenly beginning to wonder if they are 'a cheating people' (Hermansson 1994: 161).

Hermansson also writes that:
"In broad terms, it [the tax burden] is a reflection of the political parties' differing views on how involved the public sector should be." (Hermansson 1994: 108) to that claim he adds a footnot that says "This is obviously a simplification; the governments ambition can also manifest itself in the form of regulations. "It is clear that Hermansson believe that the political parties is an actor that determines the direction society is going in. The tax ratio seems to him to be anything parties only adjusts up or down depending on what they believe that the size of the public sector should be.

Emil Uddhammar, who is also a political scientist, has a special section on tax policy in his dissertation *Partierna och den stora staten*. Uddhammar shows how taxes have been increased without an especially large practical resistance, not even from the right-wing parties. For those involved in the discussions, the differences may have seemed very big, but they were in fact very small. In the big decisions on tax policy in the period 1950-1990 there was a large consensus on tax revenues as a share of GDP and variations amounted only to a few percentage points. It is worth emphasizing that the decisions in parliament not only has been about deciding how high the general tax rate should be but rather about the different tax levels, which obviously affects the general tax rate. He has primarily studied the behavior of parties in parliamentary work and his result does not mean that all parties wished to see a larger state, even if the option they presented did not differ significantly from their opponents.

Uddhammar has also contributed much to the understanding of tax policy in the Swedish political history, because his study covers the period after 1970, which Elvander has not studied. Uddhammars dissertation also includes an analysis of the 1990/1991 year's major tax reform. According to Uddhammar the reform led to an small increase in the overall tax burden, which he claims with a reference to the third edition of Göran Grosskopf and Gunnar Rabe's book "Det svenska skattesystemet". In a later edition, the authors claim that the reform has not resulted in a tax increase, but rather in a marginal tax reduction or no change at all (Grosskopf & Rabe 1992: 34).

4. Theory

Niccolò Machiavelli gave in his book *The Prince*, published posthumously in 1532, advice to a monarch who wished to continue ruling. Machiavelli said that the ruler, the prince, must look towards his subjects and be concerned about their support:

"A prince should ... consider avoiding what makes him hated and despised, for when he avoids this, he has done his and his second vices does not imply any danger to him" (Machiavelli, 1987: 92)

It is for the prince's own sake that he must care about what subjects thinks of him.

"And one of the most efficacious remedies that a prince can have against conspiracies is not to be hated and despised by the people, for he who conspires against a prince always expects to please them by his removal; but when the conspirator can only look forward to offending them, he will not have the courage to take such a course, for the difficulties that confront a conspirator are infinite. (Machiavelli, 1987: 93)

Just a few years after Machiavelli's advice came out a Frenchman by the name of Étienne de La Boétie published the book *Discours de la Servitude Volontaire* with a similar message. He claims that all governments are dependent on people's opinions. In answering the question of where of tyrants get their power from Boétie said that it is from the approval of the people. Governments were thus forced to act in accordance with the ideas held by a large group of people, and if they did, they would not be persistent.

But Boétie differed in an important way from Machiavelli. Machiavelli had given his advice to the ruler, Boétie gave his to the people. He aimed directly at the subordinate:

"Resolve to serve no more, and you are at once freed. I do not ask that you place hands upon the tyrant to topple him over, but simply that you support him no longer; then you will behold him, like a great Colossus whose pedestal has been pulled away, fall of his own weight and break in pieces."

But no matter who they counseled, there was a clear point: the people's opinions determines the direction in which society develops.

Later, this view is picked up by the philosopher David Hume. In First Principles of Government from 1742 he says:

“NOTHING appears more surprising to those, who consider human affairs with a philosophical eye, than the easiness with which the many are governed by the few; and the implicit submission, with which men resign their own sentiments and passions to those of their rulers. When we enquire by what means this wonder is effected, we shall find, that, as FORCE is always on the side of the governed, the governors have nothing to support them but opinion.”

During the 20th century, this theory would be developed further and a more detailed theory could be discerned. The theory did not make any claim to be a perfect explanation, but spoke in terms of "long run". One of the supporters of the theory, philosopher and economist Ludwig von Mises, wrote the following:

“In the long run even the most despotic governments with all their brutality and cruelty are no match for ideas. Eventually the ideology that has won the support of the majority will prevail and cut the ground from under the tyrant's feet” (Mises 2007:372)

The philosopher Hans-Hermann Hoppe has developed the theory by more carefully explaining what it concretely is that makes the ideas that people hold are important. Hoppe shows how individuals' actions are guided by their perceptions and gives examples of various documents which citizens can use to harm the state. He writes:

“Even if there is no internal competition, competition between governments operating in different territories still exists, and it is this competition that imposes severe limits on the size of government. On the one hand, it opens up the possibility that people may vote with their feet against a government and leave its territory if they perceive other territories as offering less exploitative living conditions.”

Hoppe also notes that opinions are not only important to determine how the civilian citizens act in relation to the state, but also how the state works.

“President and general can only succeed because of favorable intrastate public opinion, and only insofar as the overwhelming majority of the state employees at least passively supports their actions as legitimate. If, in the various branches of government, a large majority of them were strictly opposed to the enforcement of presidential policy, it could not be put into action successfully. The general who thinks most of his troops consider the war illegitimate or who thinks that the Congress, the IRS, the large majority of public educators and the so-called social services regard such actions as outrageous and to be openly opposed, would face an impossible task even if he himself supported the presidential command. The gist of all these different thinkers reasoning is that opinions plays a large role in determining how society develops and how the state acts. A furious people do not stand no chance against a big state. There are several ways in which people react and resist, and it depends on what ideas they are supporters of, if they act. Exactly everything that happens in society, need not have any connection to opinions. But big changes over a long period of time should have a connection to any kind of opinion change, because public opinion in the long run beats everything else."

What distinguishes the opinion theory from other theories is the great importance it attaches to public opinion and the little weight it gives to other factors. Another thing is that it stresses the need to study people's opinions to understand social change. This follows from the fact that the supporters have a view of opinions as something that is endogenous rather than exogenous.

This understanding of the reasoning about beliefs role in the development of society is the one that will be the basis for the thesis.

5. Research Problem

There is a conflict between the previous research and the opinion theory, which is the research problem of this paper. Numerous studies have analyzed the increase in taxation and increased government spending based on materialistic factors. The theories have been used to understand the increased state development in Sweden during the 20th century. But no one has used an opinion-oriented perspective, or even mentioned this rich and ancient tradition, to explain why taxation has increased between 1950 and 1990 in Sweden. What have they then missed out on? How would the analysis look like? This is the "mystery"[5] that is subject to research in this paper.

The research problem is not one, as it usually is, where one has found an empirical observation that deviates from the theory, which allows for the reevaluation of the theory to understand the empirical data, but instead of a kind where you have found a theoretical observation that allows one to reevaluate the previous understanding of the empirical data.

6. Methodology

The methodology is not something that naturally arises from a particular issue or a particular topic. The methodology comes before, and it determines what kind of question you ask, and how you think concerning your possibility to answer the question. In this study a question is asked about the tax rate in Sweden has increased as a result of a more positive approach to taxation. It is a question that aims to investigate something in the real world that actually happened and to understand what led to it. It is therefore of a strong naturalistic kind.

The theory, which is the core of the thesis, has been chosen because it has been underpinned by strong deductive reasoning. Alternative theories that might have had a greater empirical support has been removed. The study is thus a historical study with a quantitative method, but it doesn't adhere to the positivist scientific tradition.[6] Instead of lining up hypotheses and test them, it aims to investigate to what extent this theory can be used to explain the events. Even if one assumes that the theory is true, it could be that the taxes have been increased for some other reason, but if we find facts that say that opinions changed, this means that there has been a chain of causality in this case.

[5] Read the article "Problematic Issues" for the significance of the "enigmatic" in finding a research problem.
[6] For an understanding of the science of history beyond both hermeneutics and positivism, read Hoppe (2013) and Mises (1957).

Another way to express this in would be by saying that the study aims to formulate a hypothesis and argue as strenuously as possible for why it is reasonable.

7. Method

The essay aims to explore what may support the claim that the increased taxation was caused by a change in public opinion over the same period. In order to do this we have to know how public opinion changed and the method of this thesis aims to examine it. With the method, the goal is to collect material that can help answer the question if and how the Swedes' opinions about taxes changed between 1950 and 1990.

It is important to emphasize that the method was chosen after the question was asked. It is a tool to answer an interesting question. In a case study of how newspaper articles are used as materials (Hasenay & Krtalic 2012) quoted a historian who says that he without the newspaper material would make a much worse job. This is the case even in this essay due to the fact that the question would be considerably more difficult to answer without the newspaper material.

The method will consist of a quantitative content analysis of letters to the editor in the newspaper Expressen during the years 1950 to 1990. The choice of method is natural when a large amount of data over several years will be studied. The method can form an opinion about a change in the Swedes' opinions on tax and are well suited for it (Bergstrom & Boréus 2012: 53). One of the advantages of this method is that it is objective in the sense that it is easy to re-create the survey and examine how well it has been implemented (Bryman 2011: 282).

We have to note that the survey form is not based on an assumption that Expressen is a magazine that is representative of all Swedes, or that those who write letters to the editor are representative of all Swedes, but merely on the assumption that a change in the letters to the editor is representative of a change in public opinion. The quality of the survey results depends on how well the assumptions are correct. For example, if Expressen had decided not to take out some letters with a certain opinion, for a given year, it would cause a bias in the survey.

It is more difficult to analyze historical public opinion than contemporary views, because we lack the opinion survey as a tool. In this case there is a poll from the early part of the investigation but the ability to repeat it is missing anyway because the relevant period ended 24 years ago. Therefore there is no possibility that the use of interviews on a large scale, which is usually called a poll.

One of the weaknesses of a quantitative content analysis is that there is validity problems because one's analysis of the material may change over time (Bergstrom & Boréus 2011: 67). This can partially be avoided by dual coding, which is a method consisting of you going through the material one more time, but it has not been enough time to perform it for this thesis.

Tools of analysis

The letters will be screened based on whether they deal with tax or not. After this, they will be defined according to whether they are positive or negative towards taxation.

Then the letters are to be categorized as either of a more technical nature, which is supposed to regard opinions about discounts, returns or adjustments that may alter the effectiveness, or the letters will be categorized of a principal character, which is if they're dealing with the principle of the tax itself. This is included because there has been a discourse on taxation in Sweden that focused on whether the system works like it is supposed, and not really about what level the tax rate should be at. This is shown in the background section with a quote from a report produced by the then ruling party the Social Democrats´, which shows how important the issue was considered. Also a line from Hermansson is listed in the section on previous research to demonstrate how important this issue was considered to be.

One rule for determining whether a letter to the editor should be categorized as one or the other has been whether the problem identified in the letter could be solved with a reform that did not affect the tax burden or if it was something that meant that the tax rate would have to be lowered. If it was the former it counted as technological and if it was the latter it was counted as principled. If there had been letters to the editor with both types of opinions you had been force to estimate which one seemed important, but no great difficulties around this didn't arise.

If this dimension is not included as an analysis tool, it could have resulted in that an increased resistance to taxation emerged in the results, although this was only a desire to reconstruct the tax system and not at all a resistance to taxation that has something to do with the tax rate or tax itself.[7] In the results section, two letters of principle and technical nature that are reported, to give an example of how this categorization has gone to.

8. Material

The material consists of Expressen newspaper's letters to the editor between 1950 and 1990 in the newspapers between January 2 and January 27. This is a total of 1040 papers, and approximately 7,000 letters to the editor. The magazine was chosen as it has had a classical liberal [simply 'liberal' in Swedish] profile which means that you can expect many letters to the editor about tax. This allows for a wide material. Each issue of this magazine during the relevant period was available in microfilm at the Kungliga Biblioteket, which had not been the case with a small provincial newspaper. The Swedish newspaper Svenska Dagbladet, was excluded since this newspaper had no pure page of "letters to the editor" during the period examined. The examination date was determined to be in January because the last declaration days during the period is February 5 (Ekman, 2003: 13), and this increased the chances of letters to the editor that was about taxation.[8] During these years, the letters page almost always had a spread in the magazine.[9]

[7] In Uddhammar's (1993) section on tax policy these two dimensions are always present, for example read page 306.

[8] This is in accordance with the reasoning about selection conducted by Bryman (2011: 287), because you do not need a randomized sample if there is a reason behind the selection.

[9] In rare cases, elements of the letters page has had two pages but then it has been for a very large advertisement taking up space on page 3, which is the spread that the letters page, usually was hosted on, but the pages has been about the same size anyway. The number of pages has not changed over time, which had could resulted in a bias.

There are several previous studies in which the letters have been the material. In Fredrik Hult's essay " Varggisslet - En argumentationsanalytisk studie av vargdebatten i Värmland 1965 - 1990" (2011) represents letter to the editor subject of argument analysis. Another example is Helena Åhs essay "Offentlighetens rum" (2009) who studied Jönköping-Posten page of letters to the editor to analyze precisely the letters page as such. For more historical works, also this essay can be described as, you can Letters to the Editor analyzed for what they are alleged to have resulted. In the essay "Prohibition Friends and förbudsomståndare [sic] in public," by Anton Karlsson (2009) discussed increased opportunities to read letters to the editor as important for the strategy IOGT selected in the temperance question. This paper, however, differs somewhat from that because the letters regarding taxation has not been studied for its own sake, but rather as an indicator for understanding how the public opinion changes.

A case study which discusses the newspapers as material (Hasenay & Krtalic 2012) develops various categories along the Journal of the material cultivated. In linguistic purposes the different newspapers are often used as the only sources, because they themselves are interesting, while in historical studies they are used complementary to other information. This thesis can be considered to be of the historic kind and also makes use of newspaper material as complementary to other information.

In their study, some respondents stated that the benefits are that you can understand a historical context, how things actually were then, as is the case. The essay has benefited from that with newspaper material can walk straight into the study times, as otherwise it will be dependent on other people's perceptions.

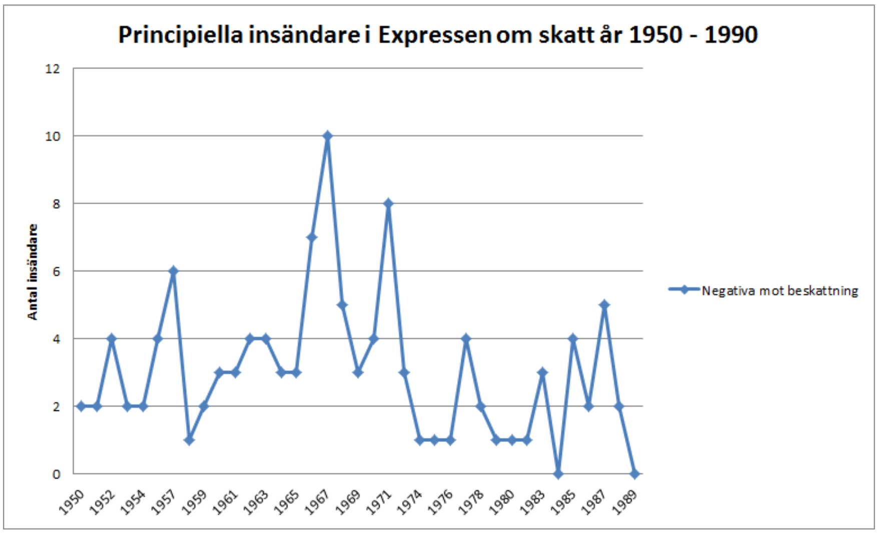
9. Result

Letters to editor that was negative towards taxation

Below is a graphic representation of the number of letters in the material under investigation which were negative for the taxation during the time period. It appears that there is a change in the resistance to taxation. When taxes continued to rise during the 1960 a backlash of people protesting can be found. Rebellion is in the air and the masses seem to want to take the Minister of Finance String to the gallow. But this calms down quite quickly. Taxes will continue to rise in the years that follow, and when taxes reach high levels in the 1980s, the protests are largely absent.

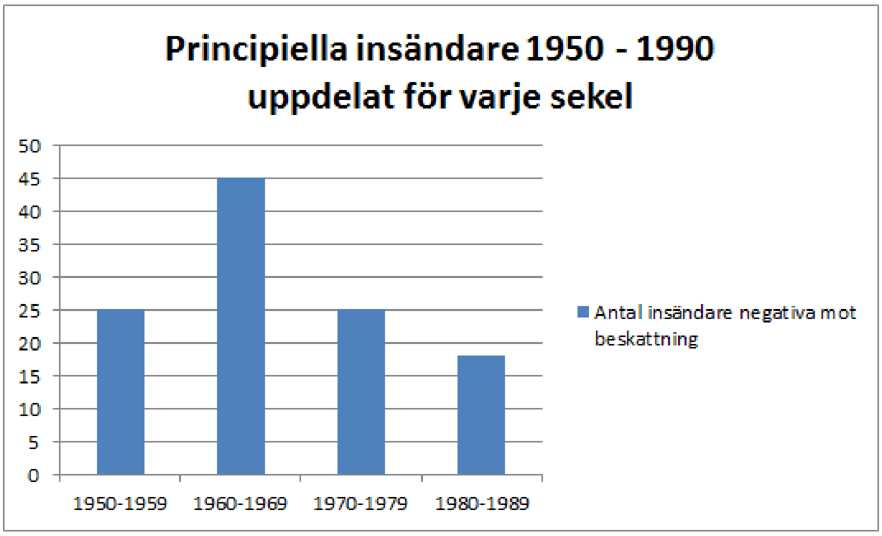
Chart 2 below summarizes the change by displaying negative letters to the editor of ten-year periods in stacks. If we make it even more rough, to obtain a clearer overview, we can make a comparison of 1950-1970 with 1970-1990. During the years 1950 to 1970 70 letters to the editor was written that was principled and negative towards taxation. During the subsequent twenty years only 43 letters to the editor was written that was principled and negative towards taxation. This is a decrease of 39 percent. When you consider that a larger share of the tax resistance during the 70s was distributed to the earlier part this is particularly remarkable.

Diagram 1.



Summed over this ten-year periods, it looks as follows.

Diagram 2.

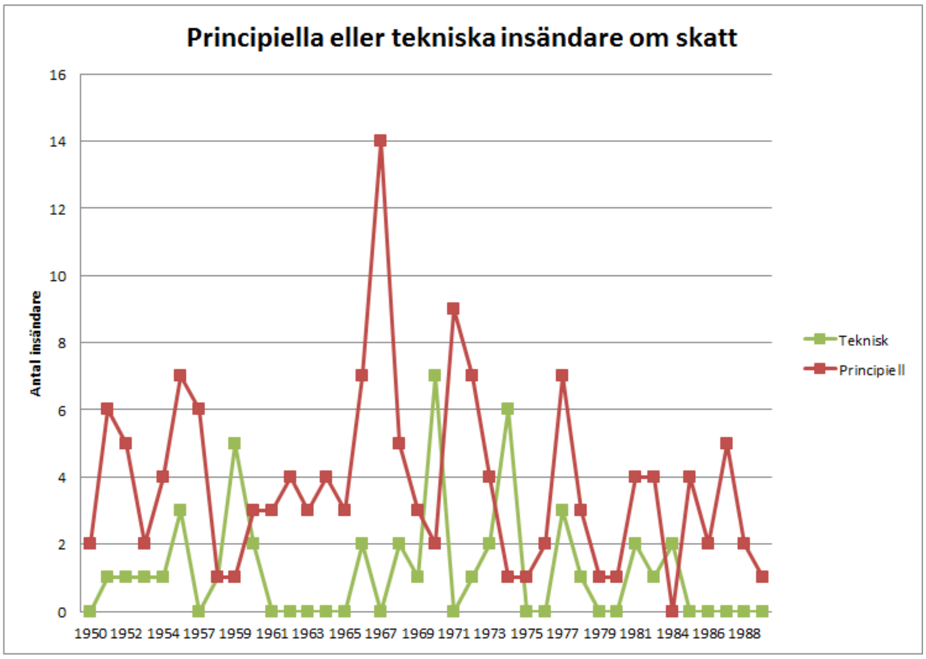


[Translation: Number of letters to editor that was negative towards taxation]

Insändare av teknisk och principiell karaktär

During the period sees the relationship between technical and fundamental letters to the editor as follows. There is a clear dominance of principle, letters, and even if you see an upturn around the year 1970, one cannot see any obvious change in the concentration over time.

Diagram 3. Principal or technical letters to the editor about tax.



The distinction between letters to the editor of principle and technical nature have been made to distinguish between criticisms of completely different things, which motivated the past. Some of these letters can be highlighted to show what has been categorized as a matter of principle and what has been categorized as technically.

On January 7, 1967 published a letter to the editor entitled "Leprosy-OMS". In this type the sender i.m:
"The 'ABC book' gives 2 kronor per book for Leprosy Aid. Excellent, thank you!

But Mr Sträng claims oms on the book's gross price. Never again nag about the tax morale in a country where the state hussles nearly 20 cents for every 2-crown to leprosy help! "

This is a good example of a principled letter to the editor. It is directed against taxation, not against any particular design of it. Although it mentions OMS-one (sales tax), it is not just this tax is portrayed as the problem, but that the state takes some of the money going to charity.

A good example of a letter to the editor of a technical nature are submitter "Index and taxes" as published on 4 January 1951.
"Taxes are not included in the index. The rising prices raises the index and thus the "dyrtidstillägget". Marginal taxes on this increase is in many cases to 50 percent or more, whereby the addition, which is intended to be of some help to the price increase, decrease by half more.

This clearly shows the injustice in the current way of calculating the index.

It is widely known that the index in its current form only gives a very lean compensation for dyrtillägget. It seems then to be highly inaccurate to reduce this meager compensation about half by not taking into account the tax increase in the index calculation. "

This contribution to the debate on taxes is not directed against the tax level. Although there is a clear negative attitude and demands for change are not affected themselves tax level, but rather the design of the tax.

10. Analysis

Opinion change as an explanation of an increased tax rate

Above we have presented a theory which maintains that ideas and opinions plays a role in social change.

What does the historical data that has been produced by the survey above and the previous investigations that have been presented in the background section say?

Before that question is answered, it must be noted that an equal number of negative letters to the editor implies an increased acceptance of taxation because there has been a change in the tax rate during the period examined. Thus, it would imply that even though the tax ratio has been raised they have had the same attitude to the tax rates, and people in fact has thus become more positive towards taxation.

The study above showed that the number of letters to the editor which was negative towards taxation, lowered during a period when the tax ratio increased. This indicates that there has been a shift towards a greater acceptance of higher tax rates.

Hadenius study, which he compared with Joachim Vogel's studies in the field, showed the same thing. The acceptance for tax rates as such had increased between the years 1968-1981. This is a shorter time period than the survey carried out in the paper, but is still relevant and it gives reason to believe the trend that emerged in the survey in the paper even more.

Depending on how you look at the relationship between spending and taxes one can also see a change in public opinion regarding the grants as a sign that the attitude toward the taxes is also changing. In that case the previously reported results from “väljarnas sakfrågeåsikter” point in the same direction, as we did not see any noticeable change there, other than a drop in intensity regarding current views, because grants increased.

There is thus reason to believe that the change in the tax ratio has been caused by a change in public opinion. This need not be the only factor that explains the increase in the tax ratio, but it seems that it at least can be considered an important factor.

As a result has now been reached, one can compare it with previous analyzes of tax developments in Sweden. Hermansson pointed out that the parties are the active force which decided the total tax burden. This goes against the results found in this essay. Uddhammar showed how all parties in parliament pushed for a higher tax burden, which may be explained by the paper. It need not be that even the right-wing parties wanted a higher tax rate, but it can instead be explained by the fact they depend on public opinion.

The investigation has not categorized the various taxes and looked at resistance to specific taxes and tried to explain precisely those taxes developments in relation to the views on this. This could certainly be interesting for future research, but one should be aware that the theory is better suited to explain larger changes over time. It is in the long run as ideas are victorious, as it supporters explained.

The advantage with the opinion theory over other theories

The essay has shown that there are historical reasons to believe that opinions has played a role in the increased taxation, provided that the theory that formed the basis for the thesis is correct. A question may now be asked about why one should work based on the theory, and what the outcome will be if it is not true.

The main reason is that the arguments made for it appears to be reasonable. The defenders of the theory has explained how the causal relationship between people's opinions and social change looks like.

The alternative theories are not nearly as strong seen from this perspective. It is rare that the causal link is clearly explained, but much is to be understood implicitly. Take, for example, Wagner's law that says demand for state services increases as income increases, why must it be this way? Could we not just say that the state can only help with basic services, and that the state's relative size, consequently will decrease as people's incomes increase?

Or the notion that the state's growth is only caused by the fact that bureaucrats want it. The perception is indeed included as part of the opinion-oriented approach, but that it would be the sole factor remains doubted. Would they not have wanted to do it earlier? And there was nothing ordinary people could do to hinder this development?

But the theory that taxes have risen as a consequence of an improvement in the technology of tax collection should certainly not be dismissed. The theory cannot be used to provide a holistic understanding of why taxes increase, since it can hardly be considered to explain how taxes even arise in the first place, but it can be used to complement other analyzes. If this work had been at a more general level about why the tax has increased, and not just about tax ratio increase could be explained by changing opinions, that theory could be included.

Many adherents of the opinion theory also believe that opinions are formed freely, that they are endogenous. They believe that new ideas and new books thus could change society. But what if it is rather as Inglehart and Welzel states, that values and opinions are controlled by a specific external factor, and that changes in values can be explained by changes in material prosperity. If this is true, it could be that the causal relationship is between material wealth, values (opinions) and social change, rather than between opinions and social development. Does that mean that the conditions for the essay changing?

Not necessarily. Since the method focuses on opinions, it captures everything where the explanation at any stage include opinions, no matter what has been resulted in the change of opinions.

But the relevance of the essay is weakened if there are strong reasons to believe that Welzel and Inglehart, in the broadest sense, are right in claiming that values depend on wealth. If it would have been that way it would have meant that the study's focus could have been some kind of objective factor, and then it would have been possible to, with a lot less effort, study in a more rigorous way the relationship between material wealth and the attitude to the government, or something like that. One of the reasons why many studies are interested in explaining social changes looks at these objective factors such as wealth, instead of values may have to do with the fact that it is easier to collect large amounts of data then.

But what then are the reasons to believe in the opinion theory rather than in the theory that claims wealth causes changes in society? It may be worthwhile to start a commence from a claim that seems intuitively correct for very many: the increase in the tax rates would not have been possible without increased prosperity.

This assertion seems to be intuitive for many, probably because you somehow imagine that people would have regarded the tax as something evil. The tax was a sacrifice that people agreed that they had gotten the better. But it is here that wealth theory is wrong, it doesn’t need to be so. It could be that people saw the tax as something positive, and when they were poorer and even more dependent on increasing prosperity, they thought it was more important that the tax would be raised.

Welzel and Inglehart is of course aware of this and to escape this problem and find a causal theory that really describes the direction of the relationship between material wealth and values, they commence their empirical investigation. It showed, according to them, a causal relationship between values and prosperity. Here our critique must turn to the most basic of all scientific studies, methodology, to explain why there are some problems with this approach.

The first objection that one may rise is an objection which has been repeated so often that it sometimes mistaken for being trivial. In what way does the correlation imply causality? The second objection is not usually raised as often, but still implies a problem for the theory creating empirical research. If you have found a causal connection in history, Caesar crossed the Rubicon to start a war, what means that the same causal link exists in the future?[10]

If you can say that the theoretical basis of the causal relationship is dismissed, one is forced to return to the fact that people may have seen the taxation as positive, and that they may have seen it as negative, and then you’re actually returned to the opinion theory. It may have been that they saw it as either or, but what matters is what they saw. The answer to the question of how they regarded taxation is a matter of a specific historical situation, which is the reason that this essay has had a method aimed to figure out how a historical situation was.

A lukewarm interest in tax reform

A somewhat surprising result of the study above was that very low number of letters were of a technical nature. The letters regarding the need to implement a tax reform was in this category and one would expect that they would increase during the 70s and 80s when the political discourse regarding the tax reform is emerging. In his comparison with the Vogel study Hadenius noted that resistance to the marginal tax rate was higher in 1981 than in 1968.

In the study where letters to editor are analyzed, intensity is measured in a different way from an opinion poll. That could be the explanation for the discrepancy. Although people have been annoyed by the marginal tax rate and wanted a tax reform, that has not been of great importance, as also confirmed by "Väljarnas sakfrågeåsikter" from 1991, where as many as 36 percent of respondents answered that they lacked an opinion about it.

How are we to understand the constantly recurring mantra that "we need a comprehensive tax reform?" It's hard to explain why it occurred, but at least we can conclude that it has moved

[10] Read Hoppe (2013: 27) for a deeper examination of this point.

the attention in the general tax debate from the tax level to the details of construction of taxes. The movement of the attention has not been in the letters to the editor, but in other parts of the newspapers and the society. When one put this fact beside the consequences of the tax reform, that the tax burden fell marginally or nothing at all, one can ask whether tax reform has indeed contributed to an increase in the tax ratio, because the attention that was given to it otherwise could have been given to a discussion of the tax ratio level.

The indirect and direct effects of the tax reform has not been the main study object for the essay and could have been scrutinized much more closely to determine how much is in this reasoning.

Are Swedes really state individualists?

Many researchers have found the Swedish temper enigmatic. In a way, the Swedes have always been individualists, but we also have a big government. How can these two be joined together? Trägårdh and Berggren, referred to above, tried to explain it by saying that the individualism, which they find in the Swedish language by studying historical works and expressions, has led people to embrace the state, believing that it will give them freedom.

But what was presented in the paper seems to indicate that what particularly given the great state of Sweden and the high tax ratio is a change in opinions. It's not something paradoxical that has always been interwoven into the Swede, but it is something that has changed. If this is correct, there may be reason to think again about the perception of Swedes and their structure.

It can make a different picture emerges, that make Trägårdhs and Berggrens empirical material end up in an entirely different light. The Swede has been an individualist and from this it has followed that she has dismissed the state. But for various reasons, she changed her view during the 20th century. This means that her individualistic approach not incurred allowed her to abandon a context, family and relatives, to instead embrace the state's liberating force, but instead she just abandoned her individualistic side.

11. Future Research

For future researchers with an interest in how the change of opinions and the increase in the tax rates between 1950 - 1990 is related, there are essentially two major tasks. The first is to perform a similar study in the thesis by going through a major material. Letters to the Editor from other newspapers or from the same newspaper firm in a larger number of months might be an idea, another option is to find a new way to figure out what people had for views on taxation. The main challenge for those who want to continue to study the subject becomes the same as for this study: How do you find out what people thought during a period that there are no polls from?

Another question on the same subject that could be worth trying to answer is what has prompted this opinion change. If you think it has to do with what ideas existed in society you can develop from Elvander and try to find out what impact it has had no opinion-forming organization, except KF a short period, been against taxes on a general level.

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