Most rigorous test of basic income yet

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FOR the past two years, the Finnish government has given 2000 people who are out of work a guaranteed, no-strings-attached payment each month. It is the world's most robust test of universal basic income (UBI), and the preliminary results seem to dispel some of the concerns about the policy's possible negative impacts.

UBI comes in different flavours, but the essence of the idea is to give everyone an identical, fixed income that covers food, housing and other basic needs. Crucially, the ongoing payment remains the same – it isn't reduced if, say, someone gets a job or a pay rise.

The Finnish results were hotly anticipated because the trial's careful design promised rigorous evidence on UBI. "This is an exceptional experiment, both socially and globally," said Pirkko Mattila, Finland's minister of social affairs and health, at a press conference.

The experiment began in December 2016. Kela, the Finnish government's social security agency, randomly selected 2000 people who were on unemployment benefits. They were aged between 25 and 58, and came from across the country.

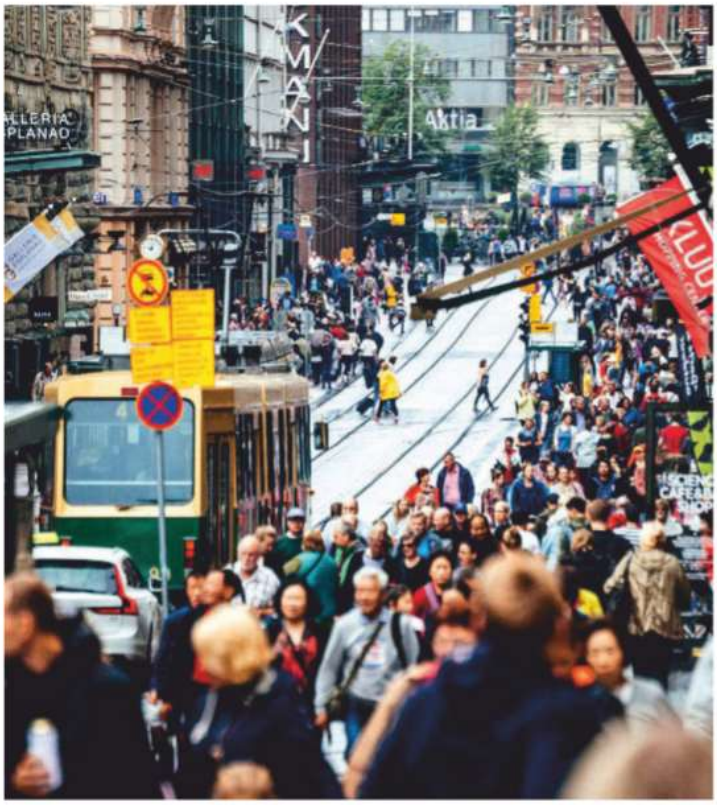
Kela then replaced their benefits with a guaranteed payment of €560 a month, although those who received benefits above that amount could still claim the excess. They continued receiving the payments whether or not they got a job. The experiment ended on 31 December 2018 and its initial results were published last week.

Olli Kangas at the University of Turku in Finland led the analysis in partnership with Kela. They compared the income, employment status and general well-being of those who received the UBI with a control group of 5000 people who carried on receiving benefits.

The results are only available for 2017 so far. There was no difference between the two groups in terms of the number of days spent in jobs: on average, people in both worked 49 days. Those in the UBI group earned €21 on average less over the year than people in the control group.

Surveys showed that people in the UBI group perceived their health to be much better and their stress levels to be a lot lower than those in the control group.

Finland is just one of many nations exploring universal basic income



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"This is early data, but nonetheless a significant moment as global interest gathers in basic income," says Anthony Painter at the RSA think tank, which is helping to scope out a possible UK trial of UBI to be run by the Scottish government in Fife.

Supporters of UBI say that it frees people's time for "social goods" such as looking after children or volunteering in their community, although this wasn't measured in the Finnish trial.

In addition, requiring people who are unemployed to continually prove they are looking for work can be stressful, which is bad for their health and may mean they are less likely to be able to find work. It also creates bureaucracy for the state.

"The essence of the idea is to give everyone a guaranteed income that covers their basic needs"

However, basic income is expensive, even if it replaces existing benefits. And some people argue that it could discourage recipients from seeking work.

"The criticism levelled at basic income that it would disincentivise work is not supported by [the Finnish] data," says Painter.

The concept of UBI originated at least 200 years ago. But it is only over the past few years that it has become a popular policy idea, with many countries exploring pilot studies.

One reason for the growing interest is the fear that automation could increase unemployment as robots take more jobs.

There have been several other trials of the idea, but none provided definitive results. In 1975, for instance, there was Canada's Mincome experiment in which the 10,000 citizens of the city of Dauphin were guaranteed a basic level of financial security.

Recent analysis of public records from the time showed that it was only young men and women who spent less time in employment during the trial, and this was because they were either in college or looking after babies.

Yet there was no control group. And it wasn't a true basic income because the money wasn't given unconditionally: people's earnings were topped up only when they dropped below a certain threshold.

There is still more to learn about UBI. "What we have been able to find out so far is not the whole truth," Kangas said at the conference. "That is much more sophisticated."

For example, because people were picked randomly from across the country in the Finnish experiment, it can't tell us about any regional differences in the effects of UBI.

"There is a strong case for further experiments," says Painter. "It would be good to see 'saturation' pilots where everyone in an entire area receives a basic income." ■