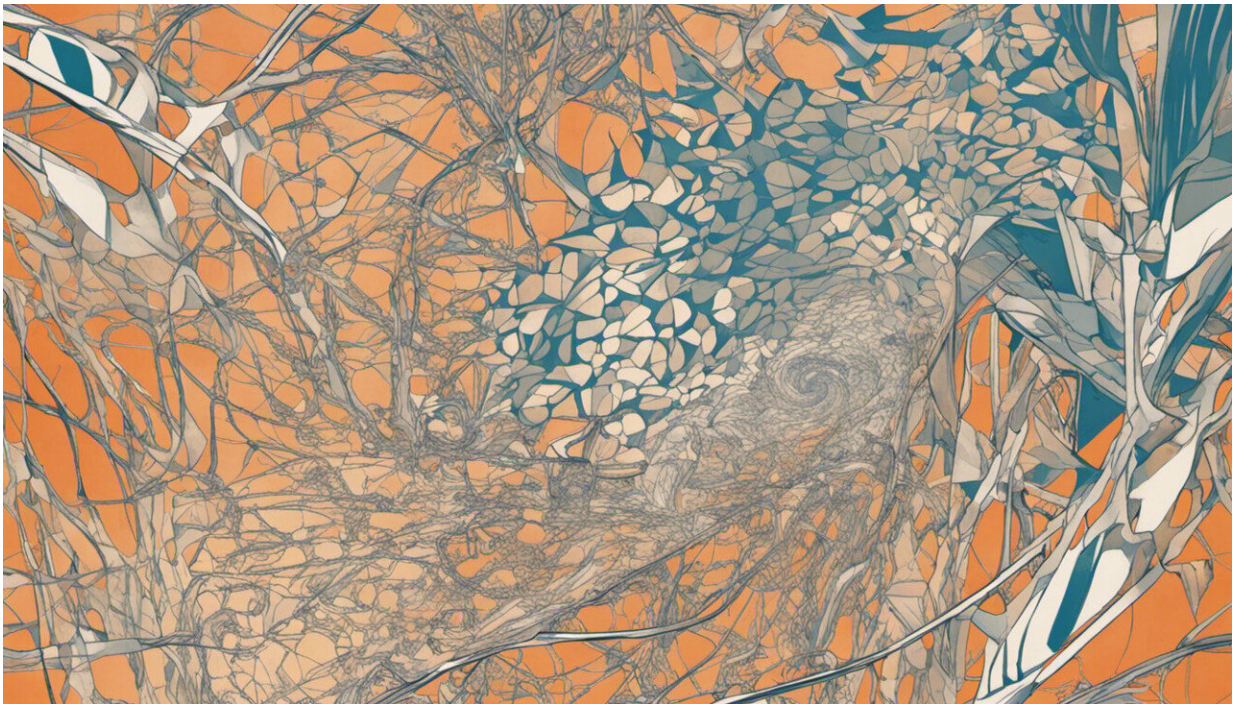


# Basic income: World's first national experiment in Finland shows modest benefits

February 22 2019, by Luke Martinelli

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Credit: AI-generated image ([disclaimer](#))

The [preliminary findings](#) from Finland's basic income experiment are out and they show mixed results. Both advocates and critics of the idea of a universal basic income will find cause for consternation and celebration. Though widely anticipated by basic income enthusiasts, the Finnish experiment will only fuel further debate on whether or not the

idea works.

The experiment ran for two years from January 2017 and was implemented by a centre-right coalition government. It was [motivated by](#) a distaste for costly welfare bureaucracy and a desire to eliminate work disincentives that arise when means-tested benefits are withdrawn as recipients increase their earned income.

The idea of basic income is hotly contested around the world. Advocates point to a [number of other pluses](#) – from the economic benefits to enhancing psychological well-being. [Opponents](#) say it is economically unfeasible and will discourage people from doing much-needed work.

Yet, despite the intensity of this debate, there was little empirical evidence on the policy's effects – until now. Although it experienced waves of support going back decades, basic income has never been implemented at the national level.

The U.S. state of Alaska [has had a basic income of sorts](#) since 1982, with a small annual payment to each resident funded as a dividend from the state's oil revenue. There were also other policy experiments in North America in the 1960s and 1970s, and more recently in other countries such as Namibia and India. But, [for a number of reasons](#), the existing [empirical evidence](#) has limited value in assessing the effects of basic income proper as a fundamental welfare state reform.

The resulting uncertainty and lack of any concrete evidence means that critics of a basic income are able to exploit both the public's risk aversion and the favourite bogeyman of the right-wing press: the fabled work-shy benefit scrounger. So the results of the Finnish experiment were highly anticipated, because they might provide a reality check.

## The results

The Finnish experiment paid 2,000 randomly-selected unemployed people a basic income of €560 per month, equivalent to the lower-tier unemployment benefit which it replaced. Payment was guaranteed to continue, no strings attached, for the full two years of the experiment – regardless of whether the individual engaged in job search activities or received income from other sources. Labour market outcomes were analysed, as well as broader indicators of well-being, and were compared with a "control group" of unemployed people on the existing benefits system.

The results show that those pessimistic predictions of a labour market exodus did not transpire. Unfortunately for basic income's proponents, neither did the more optimistic accounts. Overall, the number of days in employment, and total labour market earnings, were no higher for those receiving the basic income than for those in the control group.

This doesn't mean that it had no effects on the labour market. It might be that some people were more likely to find employment and others less likely, with the effects balancing out. From the results presented, we simply do not know.

Recipients of the basic income also reported positive effects on their sense of well-being and feelings of trust in other people and the government. But, given that this was self-reported, it may simply reflect a vested interest in stressing the advantages of the policy.

Nevertheless, these effects, plus anecdotal evidence of the wider benefits of the unconditional payment, strengthen the case for basic income. Indeed, advocates have always maintained that [their argument](#) does not rest on labour market effects and reduced bureaucratic costs. Rather it rests on more fundamental ideas of social justice, freedom and economic security.

## Some limitations

But what is clear is that the findings of Finland's experiment are unlikely to settle the question of whether basic income is desirable. It is likely that both advocates and opponents will seize on the results as supporting evidence for their positions, as [was the case with the North American experiments](#).

In the end this impasse around basic income reflects the irreconcilable beliefs of supporters and critics regarding their views of "fairness" and the primacy of work in social organisation. The realities of how the labour market is actually affected play second fiddle to these concerns. So it would be surprising indeed if these fairly modest findings were to move anyone from a deeply held position.

Another set of reasons that the results will not resolve the controversy relates to [limitations in experimental design](#). The study only focuses on the unemployed, so we remain [in the dark](#) about how basic income might affect the desire of other groups to work, or the broader societal benefits associated with a basic income being universal.

Another core feature was the low level of payment, which meant many recipients still had to apply for additional unemployment benefits – if they were entitled to them – just as they did before. Thus, the majority of people in the treatment group did not [benefit](#) from the lower bureaucracy and freedom that basic [income](#) is meant to bring.

A final limitation is that the experiment did not try and model the effects of the tax changes that would be required to finance a universal [basic income](#). Yet, tax rises are a constraint that most [advocates](#) accept as a [practical political reality](#).

It should be emphasised that these are only preliminary findings, with

further analysis to follow later in the spring and again next year. But, it seems likely that insights generated by the Finnish experiment will inevitably fall short of the expectations – and hopes – of many following the debate.

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