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Finland to end basic income trial after two years

Government rejects request for funds to expand scheme and plans stricter benefits rules



Europe's first national government-backed experiment in giving citizens free cash will end next year after Finland decided not to extend its widely publicised basic income trial and to explore alternative welfare schemes instead.

Since January 2017, a random sample of 2,000 unemployed people aged 25 to 58 have been paid a monthly €560 (£475), with no requirement to seek or accept employment. Any recipients who took a job continued to receive the same amount.

The government has turned down a request for extra funding from Kela, the Finnish social security agency, to expand the two-year pilot to a group of employees this year, and said payments to current participants will end next January.

It has also introduced legislation making some benefits for unemployed people contingent on taking training or working at least 18 hours in three months. "The government is making changes taking the system away from basic income," Kela's Miska Simanainen told the Swedish newspaper Svenska Dagbladet.

The scheme - aimed primarily at seeing whether a guaranteed income might incentivise people to take up paid work by smoothing out gaps in the welfare system - is strictly speaking not a universal basic income (UBI) trial, because the payments are made to a restricted group and are not enough to live on.

But it was hoped it would shed light on policy issues such as whether an unconditional payment might reduce anxiety among recipients and allow the government to simplify a complex social security system that is struggling to cope with a fast-moving and insecure labour market.

Olli Kangas, an expert involved in the trial, told the Finnish public broadcaster YLE: "Two years is too short a period to be able to draw extensive conclusions from such a big experiment. We should have had extra time and more money to achieve reliable results."

The idea of UBI - appealing both to the left, which hopes it can cut poverty and inequality, and to the right, which sees it as a possible route to a leaner, less bureaucratic welfare system - has gained traction recently amid predictions that automation could threaten up to a third of current jobs.

The Finnish finance minister, Petteri Orpo, told Hufvudstadsbladet he was looking into trialling alternative welfare schemes, including a universal credit system similar to that being introduced in the UK, when the basic income pilot ends.

Topics

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