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## Money for nothing: is Finland's universal basic income trial too good to be true?

Europe's first national experiment in giving citizens free cash has attracted huge media attention. But one year in, what does this project really hope to prove?



**O**ne year on from its launch, the world remains fascinated by Finland's groundbreaking universal basic income trial: Europe's first national, government-backed experiment in giving citizens free cash.

In January 2017, the Nordic nation began paying a random but mandatory sample of 2,000 unemployed people aged 25 to 58 a monthly €560 (£475). There is no obligation either to seek or accept employment during the two years the trial lasts, and any who do take a job will continue to receive the same amount.

With the likes of Mark Zuckerberg, Stephen Hawking, Elon Musk and Bernie Sanders all proponents of a universal basic income (UBI) model, Finnish officials and participants have been inundated with media requests from around the globe. One participant who hoped to start his own business with the help of the unconditional monthly payment complained that, after speaking to 140 TV crews and reporters from as far afield as Japan and Korea, he has simply not been able to find the time.

But amid this unprecedented media attention, the experts who devised the scheme are concerned it is being misrepresented. "It's not really what people are portraying it as," said Markus Kanerva, an applied social and behavioural sciences specialist working in the prime minister's office in Helsinki.

"A full-scale universal income trial would need to study different target groups, not just the unemployed. It would have to test different basic income levels, look at local factors. This is really about seeing how a basic unconditional income affects the employment of unemployed people."

While UBI tends often to be associated with progressive politics, Finland's trial was launched - at a cost of around €20m (£17.7m) - by a centre-right, austerity-focused government interested primarily in spending less on social security and bringing down Finland's stubborn 8%-plus unemployment rate. It has a very clear purpose: to see whether an unconditional income might incentivise people to take up paid work.

Authorities believe it will shed light on whether unemployed Finns, as experts believe, are put off taking up a job by the fear that a higher marginal tax rate may leave them worse off. Many are also deterred by having to reapply for benefits after every casual or short-term contract.

"It's partly about removing disincentives," explained Marjukka Turunen, who heads the legal unit at Finland's social security agency, Kela, which is running the experiment. Kanerva describes the trial as "an experiment in smoothing out the system".

To maintain privacy and avoid bias, Kela is not contacting any of the 2,000 participants for the duration of the two-year trial. A handful have given interviews to journalists (several have said they feel less stressed thanks to the scheme), but no official

conclusions are yet being drawn from these anecdotal experiences.

According to Kanerva, however, the core data the government is seeking - on whether, and how, the job take-up of the 2,000 unemployed people in the trial differs from a 175,000-strong control group - will be “robust, and usable in future economic modelling” when it is published in 2019.

## **Unintended benefits**

The idea of UBI had been circulating in left-of-centre political circles in Finland since the 1980s, mainly as a way to combat the economic and social consequences of falling industrial employment by freeing all - from students to the elderly; stay-at-home parents to the unemployed - to make meaningful contributions to society by, for example, volunteering.

Appealing both to the left (who believe it can cut poverty and inequality) and, more recently, to the right (as a possible way to a leaner, less bureaucratic welfare system), UBI looks all the more attractive amid warnings that automation could threaten up to a third of current jobs in the west within 20 years. Other basic income schemes are now being tested from Ontario to rural Kenya, and Glasgow to Barcelona.



Helsinki Central railway station: Finland has a stubborn 8%-plus unemployment rate.  
Photograph: Kimmo Brandt/EPA

But there is little consensus so far on what UBI should look like in practice, or even on the questions that need to be answered first: which model to adopt, what level of payment, how to combine UBI fairly with other social security benefits, and how the tax and pension system should treat it.

For UBI purists, the fact that the monthly Finnish payment - roughly equivalent to basic unemployment benefit - is going to a strictly limited group, and is not enough to live on, disqualifies the Finnish scheme. But while it may not reveal as much as a broader trial would have, the scheme's designers are confident it will shed new light on several key social policy issues.

For example, Kela hopes additional data that is being collected as part of the trial from healthcare records will provide useful information on whether the security of a guaranteed unconditional income, paid in advance so beneficiaries can budget for it, might have a positive impact on anxiety, prescription drug consumption or doctor's visits.

"One participant has said she is less anxious because she no longer has to worry over calls from the job centre offering a job she can't accept because she is caring for her elderly parents," Turunen said. "We may be able to see from the trial data whether it has had unintended benefits - such as reduced medical costs."

The trial data may also allow the government to spend less on bureaucracy by simplifying Finland's complex social security system - currently, it offers more than 40 different means-tested benefits - which is struggling to cope with a 21st-century labour market of part timers, short-term contracts and start-ups.

The benefit system is simply "not suited to modern working patterns", Turunen said. "We have too many benefits. People don't understand what they're entitled to or how they can get it. Even experts don't understand. For example, it's very hard to be in the benefit system in Finland if you are self-employed - you have to prove your income time and time and time again."

Perhaps most significantly, the trial marks "a real breakthrough for field experiments", according to Kanerva. Rolled out in record time and after a brief, one-line pledge in the government's platform, it had to function alongside all existing social security laws and clear numerous legal obstacles - including Finland's constitution, which requires all citizens to be treated equally.

"It was a huge effort to get it over the line," Turunen said. "The government was determined it must be based on specific legislation - most experiments are not - and that it had to launch in January last year ... It was quite a task."

The Finnish experiment's design and objectives mean it should perhaps not really be seen as a full-blown UBI trial at all, cautioned Kanerva: "People think we're launching universal basic income. We're not. We're just trialling one kind of model, with one income level and one target group."

But as experts around the world increasingly debate how a bold but ill-defined concept might actually work in practice, the Finnish experiment will at least “produce meaningful results - albeit in a limited field,” according to Kanerva. In an area where convictions are often more abundant than facts, “It has forced people to talk specifics.”

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