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The positive effects of a basic income

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"68% of the basic income group felt that basic income would make it easier to accept job offers"

Analysis: preliminary findings from Finland's experiment with basic income is largely encouraging for advocates of the scheme

In a previous piece for RTÉ Brainstorm, I discussed the idea of basic income. The piece included data from the European Social Survey which indicated that well over 50% of the Irish population were in favour of the introduction of a basic income here.

Done right, basic income has the potential to (i) lift people out of poverty, (ii) promote social cohesion and remove stigma, (iii) allow people opportunities for self-development through things education and voluntary work and (iv) allow people the opportunity to choose to engage in meaningful work.

With this is mind, it is worth drilling into what a basic income could actually do and see what the data tells us by looking at an example of a country where the concept has been tested.

04:30

From RTÉ Radio 1's Morning Ireland, econometrician Sjir Hoeijmakers discusses the idea of introducing a basic income in Ireland

The Finnish experiment

Finland provides the most heavily publicised and well-known example of a basic income experiment in recent years. This came on the back of the Finnish government's 2015 commitment to begin developing a more scientific and experimental approach to the design and implementation of public policy that attempts to eschew politics and ideology in favour of an ethos of establishing what works.

In February of this year, a preliminary report into the Finnish experiment was published. The data in this report arguably allows us to look beyond debates about the merits and demerits of basic income and scrutinise the actual effects. A guaranteed basic income was tested in Finland in 2017 and 2018 where 2,000 unemployed persons between 25 and 58 years of age received a monthly payment of €560, unconditionally and without means testing. A control group, who received no basic income, were also consulted.

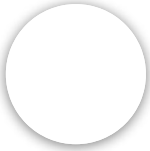
> ***The data shows what even a partial basic income can do in terms of improving the lives of those who receive it***

It is worth noting at the outset that the experiment was far from perfect. The control group consisted of 173,222 unemployed Finns and the treatment group was a randomly selected group of 2,000 unemployed Finns. However, a major design flaw arises from the fact that the treatment group continued receiving 83.3% of the same conditional benefits as the control group, meaning this was not a true test of a total basic income. Nevertheless, the results were surprising and largely encouraging for advocates of a basic income,.

Parsing the results

In relation to life satisfaction, those surveyed in the control group rated their satisfaction with life as a 6.76 on a scale of zero to 10 whereas the basic income groups rated theirs at 7.32. Basic income also appeared to effect societal trust levels, as those in receipt increased their trust in other people by 6%, the legal system by 5%, and politicians by 13% compared to those who were not.

Increases in confidence was another discernible outcome as 58% of those provided partial basic income were surveyed as being more confident in respect to their futures, compared to 46% in the control groups. Similarly, 42% were confident in respect to their finances, compared to 30%in the control group.



07:20

From RTÉ Radio 1's Ray D'Arcy Show, Anna Henderson, analyst with the Happiness Research Institute in Denmark, on how Finland is the happiest country in the world

Physical and mental health was also affected positively with 55% in the basic income group rating their physical and mental health to be good or very good, compared to 46% in the control group. Only 25% of the basic income group felt susceptible to depression through a sustained loss of interest. compared to 34% in the control group. 55% of the basic income group stated they felt little to no stress, compared to only 46% of the control group.

Those who took part in the experiment were asked about their views on basic income. 68% of the basic income group felt that basic income would make it easier to accept job offers, compared to just 42% of the standard benefit recipients in the control group. 51% felt basic income would be conducive to entrepreneurship and 65% of those in the basic income group felt that Finland should adopt a basic income, in comparison to 49% in the control group.

What conclusions can we draw?

It’s important to note that all the above results are based on interviews with 586 people from the basic income group and 1,047 from the control group, meaning it is not wholly representative of either. It's also worth noting that these results are very much preliminary and it is not yet possible to draw any firm conclusions. The full results will be published in stages during 2019 and 2020.

Nevertheless, the data is largely consistent with findings from studies in other jurisdictions, such as the US and Canada. Ultimately, what has been presented here is inherently positive and shows what even a partial basic income can do in terms of improving the lives of those who receive it. For this reason alone, it is a policy agenda that deserves serious consideration.

The views expressed here are those of the author and do not represent or reflect the views of RTÉ

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