

## [Why Finland's Basic Income Experiment Isn't Working](#)

Antti Jauhiainen and Joonas-Hermann Mäkinen, *The New York Times*, July 20, 2017\*



HELSINKI, Finland — Universal basic income is generating considerable interest these days, from [Bernie Sanders](#), who says he is “absolutely sympathetic” to the idea, to [Mark Zuckerberg](#), Facebook’s chief executive, and [other tech billionaires](#). The basic idea behind it is that handing out unconditional cash to all citizens, employed or not, would help reduce poverty and inequality, and increase individual liberty.

This discussion is still largely theoretical, though, because universal basic income hasn’t been rigorously tested. Most experiments — in the United States in the 1970s; in the Dutch city of [Utrecht](#) today — have been local and based on small sample sizes. A nonprofit organization has run a larger program [in Kenya](#). But that effort, which is aimed at decreasing poverty in a poor country, has little bearing for advanced economies and lacks the rigor of a state-mandated nationwide program.

This is why eyes turned to [Finland](#) at the beginning of the year, when the government initiated [a national test run for universal basic income](#). As a rich country in the European Union, with one of the highest rates of social spending in the world, Finland seemed like an ideal testing ground for a state-of-the-art social welfare experiment.

In reality, the Finnish trial was poorly designed, and is little more than a publicity stunt.

[Kela](#), the national social-insurance institute, randomly selected 2,000 Finns between 25 and 58 years of age who were already getting some form of unemployment benefits. The subsidies were offered to people who had been unemployed for about one year or more, or who had less than six months of work experience. Participants in the trial would receive €560 (about \$645) a month from January 2017 to December 2018, whether or not they came to earn any additional income.

The trial size was cut to one-fifth of what had originally been proposed, and is now too small to be scientifically viable. Instead of giving free money to everyone, the experiment is handing out, in effect, a form of unconditional unemployment benefits. In other words, there is nothing universal about this version of universal basic income.

And so even when the experiment’s official results are known, in 2019, they will reveal little — and far less than they could have — about the effects that universal cash payments could have on income inequality or people’s attitudes toward work and their quality of life.

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The shortcomings of Finland's universal basic income experiment are best understood against the backdrop of the country's lackluster economic performance and the resulting political developments. At the time of the 2015 parliamentary election, the Finnish labor market had experienced [three recessions](#) since the 2008 financial crisis. The public debt level increased from more than 38 percent of G.D.P. in 2008 to 75 percent in 2015.

The Center Party, traditionally an agrarian party with broad support from rural areas, won the election on [a conservative platform](#) promoting public-debt reduction and tough reforms to boost the economy. The party leader, Juha Sipilä, a wealthy former tech C.E.O., formed a government with the conservative National Coalition Party and the populist, nationalist Finns Party, based partly on their shared commitment to austerity. The Center Party's [manifesto](#) called for reducing wages and [raising the retirement age](#). It also briefly mentioned testing a system of universal basic income.

Starting in the 1980s, Finnish progressives began discussing how distributing unconditional income might be a way to combat poverty and inequality resulting from declining employment in the industrial sector. The theory was that receiving a guaranteed income could free all citizens and allow groups like the jobless, students, stay-at-home parents and the elderly to meaningfully contribute to society through, say, caretaking, charity or artistic projects.

But by the time Finland actually attempted the experiment, a conservative government committed to economic austerity was in power. How could it spearhead a leftist benefits program in the midst of economic hardship?

It didn't. The government has made no secret of the fact that its universal basic income experiment isn't about liberating the poor or fighting inequality. Instead, the trial's "primary goal" is "[promoting employment](#)," the government explained in a 2016 document proposing the project to Parliament. Meaning: The project was always meant to incentivize people to accept low-paying and low-productivity jobs.

At the same time that the government has begun testing a universal basic income, it has been tightening the requirements for receiving unemployment, disability and child care benefits. Yet according to a [recent report](#) by the Organization for Economic Cooperation and Development, replacing existing social support with a stingy, or even modest, universal basic income, as in Finland, may actually increase poverty rather than alleviate it.

An article in [The Economist](#) last month quoted Olli Kangas, who helped design the Finnish program and coordinates it for Kela, complaining about the politicians' lack of follow-through with the trial. He compared them to "small boys with toy cars who become bored and move on."

A second, expanded experiment was supposed to start in early 2018, but there are signs — like silence — that the government may renege on that plan. The universal basic income program in Finland is being whittled down before it even properly begins.

So what can we learn from all of this so far? How not to conduct a trial of this kind. Universal basic income can only succeed if the effort is sustained and widespread — and not available only to the unemployed. The program should not be intended to force people into low-paying jobs.

The Finnish government has a chance to correct its course. It should expand the trial in early 2018, as originally planned, and steer it back to its original ideals: a bold experiment to collect hard data about how a much-debated idea actually works in practice. Only that would honor Finland's tradition of experimenting with innovative social policies.