CHAPTER 8

Current, Planned, and Proposed Experiments, 2014–Present

Abstract This chapter briefly discusses some of the now ongoing Universal Basic Income (UBI) experiments, proposed UBI experiments, and experiments in policies similar to UBI. The book references these experiments only rarely, because its goal is not to analyze or criticize them, but to offer some useful analysis to the people commissioning, designing, conducting, reporting on, and reading about them.

Keywords Basic income experiments • Negative Income Tax experiments • Social science experiments • Basic income • GiveDirectly • Universal Basic Income • Inequality • Poverty

This chapter gives a brief overview of the UBI trials that are underway, planned, or at least under discussion around the world right now. But it will be brief for three reasons.

First, the role of this book is not to criticize these experiments; it merely offers (hopefully useful) analysis about how to conduct and discuss the results of UBI experiments across a broad range of contexts. Therefore, specifics of any particular experiment are not directly relevant to my analysis unless that experiment happens to provide a useful example.

Second, the planning process of UBI experiments is extremely fluid. Anything I write now will be out-of-date quickly. It is impossible to come

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up with a definitive list of existing and planned UBI experiments because it is uncertain whether some planned or discussed experiments will actually take place or whether they will deviate from the UBI model as they get beyond the planning stages.

Third, it is difficult to determine whether something qualifies as a UBI experiment, both because of the difficulty of deciding whether the proposal under scrutiny is universal and unconditional enough to qualify as a "UBI" and because of the difficulty of defining "experiment," as discussed above.

That said, here's the overview.

Like the 1970s experiments, the current round of experiments appears at a time when concern about poverty and inequality is rising, people are rethinking the existing redistributive strategy, and BIG is an issue in mainstream politics. The context is otherwise very different. The welfare state has been under attack and greatly pared back in many countries since the 1970s, where it had been gradually expanding for decades. The concern that automation disrupts the labor force, which played a small but significant part in the 1960s and 1970s BIG movement, now plays a far larger role in the debate today. The two US experiments are both largely funded by tech entrepreneurs who are particularly concerned about this issue. One might think that the increased concern with automation would decrease the concern that UBI might decease labor effort, but this does not seem to be the case in most places. Many still seem to tacitly assume that decreased labor effort is necessarily a bad thing.

The current round of experiments is taking place all over the world, rather than just in Anglo-America. Including the Namibian and Indian projects discussed in the last chapter, the current round involves experiments on four different continents, in high-, middle-, and low-income countries and in countries with strong or weak welfare systems. The different contexts make different testing opportunities possible, but they also bring in new constraints because researchers have to comply with local laws, which can significantly constrain the project. This is particularly important in Europe, where experiments have to comply with national and European Union law.

Researchers in different political contexts are understandably interested in very different questions, but considering each experiment as a part of an international effort is useful for at least three reasons. First, researchers might consider attempting to replicate each other's findings with different methods and/or in different circumstances. Second, researchers might try

to look for things that other experiments have neglected to examine. Third, researchers might learn how to defend their experiments from criticism that they had not expected in their political context.

Researchers today obviously have access to more sophisticated computer statistics programs, but the logistical and financial difficulties of distributing cash to hundreds or thousands of people remain. Therefore, the experiments today are, for the most part, comparable in size and scope to the 1970s experiments. Only in less wealthy countries have significantly larger experiments become feasible.

The next several sections give a brief review of several current or proposed experiments on or closely relating to UBI.

1 GiveDirectly in Kenya

The US-based nonprofit organization GiveDirectly is conducting the world's largest UBI experiment in Kenya. The project is motivated largely by the desire for an evidence-based approach to international aid, and the belief that evidence so far indicates that the poorest people in the world benefit more from cash than from other forms of aid. The experiment will involve tens of thousands of people across about 200 treatment and 100 control villages for several years. It will combine the techniques of RCTs and saturation studies with a significant number of control and experimental villages. The project is able to be so large both because GiveDirectly has raised a lot of money and because Kenya has such deep poverty. Most villages will receive US$0.75 dollars per day, in monthly payments—some for 2 years, some for 12 years. A few villages will receive one lump-sum payment of $500.

The low level of the UBI in the GiveDirectly project is necessary because of the great poverty and inequality in Kenya. Many of the villages where GiveDirectly operates have average incomes less than $1 per day. If GiveDirectly were to give everyone in one village $2 per day, they might make that village four-times-richer than the control or nonparticipating village down the road. This could create animosity and resistance to the program. Until GiveDirectly can afford to give the grant to everyone in Kenya, it has to be small.

The small size of the grant makes a very large study possible. Researchers for GiveDirectly are able to combine RCT and saturation techniques and to run a fairly long-term study that is likely to produce a great deal of valuable data about how UBI affects various quality-of-life indicators. Although

the effects of a very small UBI on severely impoverished villages in Kenya might not tell us a lot about how a large UBI will work in wealthier nations, this study promises to provide a great deal of useful information about how UBI will work in less wealthy nations—where it is needed the most.[1]

2 Finland

As I write, Finland is nearing completion of a small-scale, 2-year UBI experiment, which is being conducted by Kela, the Finnish Social Insurance Institution. It involves about 2000 participants between ages 25 and 58, selected by a nationwide random sample of people receiving unemployment benefits. The experiment replaces unemployment insurance benefits of €560 per month with a UBI of the same size. The Finnish parliament rewrote the law to make participation in the experiment mandatory for unemployment benefit recipients who were selected.

The Finnish effort has been criticized because the UBI is so low and because, being drawn from people receiving unemployment benefits, it incorporates the conditions of eligibility attached to those unemployment benefits. Kela responded that it simply does not have the budget to conduct an experiment across a large selection of low-income individuals.[2]

The makeup of the Finish experiment has at least two advantages as a UBI test. First, the small grant makes it comparable to the existing program, eliminating problems of distinguishing the effects of the size and type of program under investigation (as discussed in Chap. 4). Second, even though people had to be eligible for unemployment benefits to be selected for the study, once they were assigned to the experimental group, conditionality was eliminated. Therefore, although the study is not designed to examine how a large UBI would affect a large cross section of the public, it is well designed to examine how a small UBI would affect people currently on unemployment benefits. And that kind of study can reveal a great deal of useful information.

The stated goal of the Finnish experiment is "[t]o obtain information on the effects of a basic income on employment."[3] This concern is very similar

[1] https://givedirectly.org/

[2] Olli Kangas, "Final Report for the Finnish Basic Income Experiment Recommends That the Experiment Be Expanded," (Helsinki, Finland: Kela, 2017); "From Idea to Experiment: Report on Universal Basic Income Experiment in Finland," in *Working Papers* (Helsinki, Finland: Kela, 2016).

[3] Olli Kangas, Miska Simanainen, and Pertti Honkanen, "Basic Income in the Finnish Context," *Intereconomics* 52, no. 2 (2017).

to what became the focus of the four US experiments in the 1970s, but the design and focus of the study makes it very different. One of the motivations of the experiment is the fear that Finland's long-term unemployment insurance eligibility criteria created a poverty trap. Because the Finnish project tests UBI only on people currently receiving unemployment benefits (i.e. people currently not working) and because UBI eliminates eligibility criteria that might inhibit unemployed people from taking jobs, the study might find that UBI *increases* employment among study participants. The study does not increase marginal tax rates for participants and so it will provide a much higher overall income for people in the study,[4] but it will be expensive to replicate that program design on a national scale.

3 Canada

The Ontario government briefly conducted a UBI-related experiment at three sites in Ontario: Hamilton, Thunder Bay, and Lindsay, with hopes of later including an additional study at a First Nations community, but the entire study was abruptly cancelled when the provincial government changed.

The experiment, which was inspired by issues such as poverty, inequality, and the complexity of the social insurance system, involved an experimental group of up to 4000 low-income people aged 18–64. Researchers hoped to examine the effects of a UBI-like policy on quality-of-life indicators as well as on work behavior, education, and entrepreneurship.[5] It remains to be seen whether the project lasted long enough to get useful data.

Although the people conducting the study call it a "basic income," it is a negative income tax—conditional not only on household income, but also on household size. Single people receive a maximum of C$16,989 per year, while couples receive a maximum of C$24,027.[6] This added condition is not necessary for the purpose of approximating UBI with an NIT in an experiment. The motivation for it is probably to save money. Two people living together can live more cheaply than two people living apart. By including this condition, the program can provide a poverty-level BIG at a lower cost, but it might create incentive problems.

[4] Ibid.

[5] Ministry of Community and Social Services, "Ontario's Basic Income Pilot: Studying the Impact of a Basic Income," ed. Ontario Ministry of Community and Social Services (Toronto: Queen's Printer for Ontario, 2018); E. L. Forget et al., "Pilot Lessons: How to Design a Basic Income Pilot Project for Ontario," in *Mowat Research* (Toronto: Mowat Centre, 2016).

[6] Ministry of Community and Social Services; Forget et al.

4 Y Combinator in the United States

Y Combinator Research (YCR)—the nonprofit arm of Y Combinator—is a private venture capital firm in the United States. It is run by tech entrepreneurs motivated by the automation issue. Basic income has become a major focus of YCR's research, and the organization has taken on the effort to fund a large-scale UBI project with purely private funds.

Originally planned for Oakland, California, the organizers decided to move the experiment to two other states not yet announced. The experimental group will involve at least 1000 people who will receive $1000 per month for 3–5 years. More subjects will be included if funding allows. The experimental group will involve people aged 21–40 with total household incomes (in the year before enrollment) below the median income in their local community. Although researchers will gather data on how participants use their time and money, they will focus on the impact of UBI on social and physiological well-being—using both subjective and objective measures. The initial project proposal makes no mention of phasing out the grant as income rises.[7] Therefore, YCR is testing a true UBI, but like the Finnish study, the YCR study implicitly assumes that net beneficiaries will face no higher marginal tax rates under a national UBI system than they do now.

5 The Netherlands

The Dutch experiment is a bit unusual for the times. While politicians in Greece, Italy, Spain, and several other places are promoting proposals that are called "basic income," even though they share little with the basic income model, the Netherlands is experimenting with something that they do not call "basic income," even though it takes a significant step in the direction of it. The experiment seems to be motived in part by dissatisfaction with so-called active labor-market policies that are in place in the Netherlands and several other countries. These policies allow people to keep some benefits while in work, but subject them to harsh sanctions if they fail to search for work or to remain in work if they find it.[8]

[7] Y Combinator Research, "Basic Income Project Proposal" (Oakland, CA: Y Combinator Research, 2017).

[8] Loek Groot and Robert van der Veen, remarks made at the workshop on basic income experiments held at the Center for International and Regional Studies, Georgetown University in Qatar, March 26, 2018.

Although the Dutch experiment is limited to welfare recipients under the current system, it frees people from job requirements of the current system and allows them to keep some of their benefits as they earn. These are two important features of a UBI. Because the cost-effectiveness record of active labor-market policies is mixed, some researchers have hope that steps in the direction of UBI will prove to be a more cost-effective means of achieving some of the ends of active labor-market policies.[9]

The Dutch experiment is sometimes conceived of as a "trust" experiment because the existing system makes caseworkers responsible for enforcing rather draconian sanctions on recipients, fostering distrust on both sides. Yet, this experiment conceptualizes "trust" in terms of fulfilling the obligations of a recipient of conventional social assistance—primarily to take work if they find it. In that sense, they are not directly related to UBI, which is often conceived as a rejection of such obligations.

The Dutch experiment is actually several experiments that will take place in several different municipalities across the country—made possible by a 2015 law permitting municipal experimentation. The experiments, launched in late 2017 and expected to last for 2 years, will study the effects on labor market and social participation, and health and well-being of allowing social assistance claimants to maintain at least some of their benefits as their income rises while exempting them from the legal duties of seeking work and/or participating in training activities. The experiments involve several different experimental groups eligible for slightly different policies. Recipients are randomly assigned to the control group or one of the experimental groups in their municipality.[10]

[9] Jochen Kluve, "The Effectiveness of European Active Labour Market Programs," *Labour Economics* 17, no. 6 (2010); S. Bouquin, "Social Minima in Europe: The Risks of Cumulating Income-Sources," in *The Ethics and Economics of the Basic Income Guarantee*, ed. Karl Widerquist, M. A. Lewis, and S. Pressman (Aldershot, UK: Ashgate, 2005). Loek Groot and Robert van der Veen, remarks made at the workshop on basic income experiments held at the Center for International and Regional Studies, Georgetown University in Qatar, March 26, 2018.

[10] Kate McFarland, "Overview of Current Basic Income Related Experiments," *Basic Income News*, October 19, 2017 2017; Loek F M Groot and Timo Verlaat, "The Rationale Behind the Utrecht Experiment," (2016).

6 Stockton, California

The city of Stockton, California, has secured funding from private nonprofits to launch a small-scale UBI project called "the Stockton Economic Empowerment Demonstration" (SEED). It will have about 100 participants receiving $500 a month for approximately 18 months. Like Y Combinator, major funders of the Stockton project are also largely involved in the tech industry and motivated by the automation issue.

Although SEED has received a great deal of media attention, it is in the early planning stages and few details have been announced. The organizers do not claim to be planning a "scientific experiment," but "a demonstration," which could be taken as an indication that it is aimed not to gather rigorous data but to further UBI politically.[11] There is nothing wrong with conducting a smaller-scale and/or a less rigorous study for political purposes as long as the results are presented honestly. Therefore, all the difficulties of clearly communicating what it does and does not say about the implementation of a full, nationwide UBI still apply.

7 Other Experiments

Barcelona is conducting an experiment it calls "B-Mincome" in honor of the earlier Canadian experiment. The project's literature draws inspiration from the UBI movement. The experiment involves about 1000 people grouped into ten small experimental groups and a control group of 1000 people. The various experimental groups will receive an NIT, some unconditionally and others attaching various conditional programs designed to encourage labor, entrepreneurship, community service, and so on.[12]

The Scottish government has committed funds to conduct a full-scale UBI experiment and is working with the Royal Society for the Encouragement of Arts, Manufactures and Commerce (RSA) and other institutions to design the project, but the experiment is currently in the planning stages. Few, if any, details about the experiment have been announced.[13]

[11] SEED, "A Guaranteed Income Demonstration," Stockton Economic Empowerment Demonstration, https://www.stocktondemonstration.org/

[12] Laura Colini, "The B-Mincome Project Journal N°1," (Barcelona: The City of Barcelona, 2017).

[13] McFarland.

The government of British Columbia, Canada, recently announced that it will conduct a UBI experiment, but it is only in the planning stages. Few details have been announced.[14]

There are many small UBI projects that aren't necessarily intended as experiments. Small-scale charities, such as "ReCivitas" in Brazil and "Eight" in Uganda, have been using the UBI model to help people for years.[15] A crowdfunding project in Germany, which has spilled over to the United States, has raised money to provide a basic income for a few randomly selected people.[16] A group of filmmakers have raised enough money to give a UBI of $231 per adult per week and $77 per child to about 20 people across eight states. The filmmakers will follow the recipients for 2 years, eventually producing a feature film or a television series, entitled "Bootstraps," to document how the grant affects their lives.[17] Because these projects are so small and because they are not primarily focused on data gathering, they seldom make the list of experiments.

Other experiments of varying size and connectedness to UBI are being discussed or at least rumored around the world, in places such as France, Korea, Iceland, Liberia, Manitoba, and Switzerland. Some of these initiatives might come to fruition, but I have little information about them.

8 Will We Refight the Last War?

When the current experiments start releasing their findings, the reaction will probably be very different than it was in the 1970s. Much of that discussion was particular to the place and time, which, as mentioned, was particularly unfavorable to UBI by the time most results were released. Nevertheless, it is almost certain that some problems of that era will reappear: lay audiences will have difficulty understanding the relevance of the results, and less conscientious supporters and opponents will attempt to seize on whatever findings they can to spin the discussion in their favor. More conscientious participants of the discussion—whether directly involved in the experiments or not—with the benefit of past experience, need to be ready this time.

[14] British-Columbia-Government, "Researchers Explore the Potential of Basic Income in B.C.," (Victoria: BC Gov News, 2018).

[15] Recivitas.org; Eight.world

[16] mein-grundeinkommen.de

[17] Bootstrapsfilm.com

I doubt the divorce issue will come back, but because the vilification of any nonwealthy person who balks at long hours for low pay is such a perennial favorite of the opponents of virtually any redistributive measure, people need to be ready for this sort of framing of the labor-effort issue, even if they do not expect it in their political context.

Labor effort was not a major issue in India or Namibia because in those areas, UBI was associated with increased work time. Similar results are expected in Kenya. The Finnish and Dutch experiments draw their samples in a way that is less likely to show a negative correlation between UBI and labor effort and may even show a positive correlation because of the focus on people already receiving benefits and relieving conditions associated with a poverty trap.

The other experiments are more likely to show negative correlations between UBI and labor effort. It is not certain that future experiments will find that negative correlation: the economy has changed a great deal in the last 40 or 50 years. But experimenters should be ready because if the UBI is substantial, the labor-effort response is very likely to be negative.[18] People involved should consider ways to preempt or counteract any spin based on such correlation in case they find it.

Of course, there are many other issues that people might use to spin the results of new UBI experiments. The issues will vary significantly by time and place. Knowing the role of experiments in the political economy of UBI, both internationally and in specific political context will help people preempt and/or counteract spin.

[18] Van Parijs and Vanderborght, p. 145.