



## The Political Economy of the Decision to Have a UBI Experiment

**Abstract** This chapter discusses the surprisingly complex political economy of the decision process that brings about Universal Basic Income (UBI) experiments in response to a movement more interested in the immediate introduction of UBI than in experimentation with it. It shows that the process by which UBI experiments tend to come about makes them especially vulnerable to misunderstanding, sensationalism, and spin, which in turn make experiments a risky strategy for the UBI movement.

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

The effort to understand the role of experiments in the political economy of the UBI discussion begins with an understanding of the strategic decision to have a UBI experiment.

There are many scientific reasons for a UBI trial. Such a trial can shed light on at least some of the controversial questions about UBI's practical effects, but scientific curiosity is not why trials are happening. They are an outcome of the political process.

UBI experiments are too large to be funded by a routine research grant. They are not the kind of project that can be initiated by a professor filling

out a grant proposal. They are such major undertakings that all five of the 1970s experiments and four of the twenty-first-century experiments were created by acts of national or regional legislatures. The other five trials (Kenya, India, Namibia, Y Combinator, and Stockton, California) were all initiated by people closely connected to the UBI movement, who gathered support from well-funded people and institutions. That is, they too are an outcome of the political process.

Therefore, the demand for trials is a response to the growing UBI movement. We are in the midst of what I've elsewhere called the third wave of the UBI movement. The movement has been sparked by at least a dozen different sources. Its growth is closely related to growing dissatisfaction with inequality, poverty, and existing policies to deal with them, all of which have greatly increased since the financial crisis of 2008–2009.<sup>1</sup>

Trials are a strange response to a movement made up almost entirely of people who are already convinced UBI works and who want it introduced. There is no movement of people who are simply curious about UBI's effects and who would like to examine the particular effects that trials are capable of examining.

Therefore, the value UBI experiments to UBI supporters is their strategic value. That is, they might help build support for UBI and eventually lead to its introduction. To say that trials are happening for strategic reasons is not to say that UBI supporters want anything less than a good, evidence-based study. The strategic hope is that scientific inquiry into the issue will demonstrate the efficacy of the program, attract positive attention, build the movement, and lead to its introduction.

Yet the strategic hope for experiments can overshadow concern about the experiment itself. People rarely say anything to the effect of “we want an experiment because it is a particularly good way to examine aspect X of the UBI issue.” People more often say simply that “we want a UBI experiment,” without any connection between it and any particular thing one might want to learn from it.

Trials do have great promise, but they are a risky strategy for the UBI movement and are controversial among UBI supporters. Why then are so many policymakers around the world suddenly so interested in experiments? Consider five possible reasons. This list is not exhaustive and will not apply in all circumstances.

<sup>1</sup>Widerquist, “Three Waves of Basic Income Support.”

First (and least likely), a politician might support a trial to discredit the UBI movement. Although the results of a trial can be negatively spun, and some past experiments might have had negative effects on the movement, this motivation is extremely unlikely because it's too risky for politicians who oppose UBI. Just by supporting a trial, they risk alienating their UBI-opposing constituents. Just by talking about a trial they bring media attention to a policy they oppose. As the saying goes, there is no negative publicity. By conducting a trial, they commit years of funds to a strategy that might well backfire on them if they are unable to control how the trial is perceived. Any UBI opponent with the power to use such an elaborate strategy to discredit UBI is probably better off using that power to keep UBI out of the mainstream dialogue: an experiment would sabotage that effort, keeping UBI on the table for years.

Second, politicians, along with policy wonks in academia or in government service, might institute an experiment to examine a narrow range of technical issues about UBI or about small steps in the direction of unconditionality. Although this might be an important motivation for some experiments, I do not dwell on it here, having discussed it in the introduction.

Third, politicians might be driven by pure scientific curiosity. UBI is hotly debated partly because its effects are controversial. A trial can help resolve some of that controversy and enlighten the discussion while promoting science. This motivation isn't terribly likely in most cases. Probably, most politicians are politicized. If they are going to support a trial, they have some partisan interest in the outcome of a trial or at least an interest in the constituency demanding the trial. This might be less true in the Netherlands, where municipalities were given latitude to experiment, but even with such latitude, policymakers will probably try things that interest them and their constituents.

Fourth, politicians might support UBI and believe that a trial will ultimately be good for the movement. If there are enough committed UBI supporters in government to pass a law instituting a trial of UBI, why don't they just skip the trial and pass a law introducing a full UBI right away? UBI is no small idea. Virtually any substantial version of BIG would be an enormous change to any country's public policy system. Despite the UBI movement's growth, the idea is still a minority opinion in most countries. It would be an enormous risk for politicians to make such a change without the confidence that they had a substantial constituency behind them. Politicians might hope that a successful trial can help build that

coalition, and so the politicians opting for a trial rather than the immediate introduction of UBI might nevertheless share some of the motivations of UBI supporters.<sup>2</sup>

Fifth, a trial could be some kind of consolation prize for the UBI movement. While the UBI movement wants the support of politicians, politicians want the support of the UBI movement. A consolation prize could be politicians' way of saying that the movement has grown enough to be taken seriously and enough that at least some political parties find it useful to seek the support of that movement. But the constituency has not grown enough to demand full introduction of UBI in exchange for that support. The consolation prize of a UBI experiment may be the next best politically feasible thing that politicians can do at this point to get the UBI movement to support them.

Politicians have a massive incentive to find *the cheapest way to tell you yes*. Even the most well-meaning politicians might feel some of the pressure of the political incentive structure that pushes in this direction. They might *want* to support the UBI movement's cause (full implementation), but they *need* to get the UBI movement to support their cause (reelection). The enormous difference in cost (both monetary and political) between a UBI trial and actual implementation makes it far easier for a politician to deliver a trial. From the politicians' perspective, this is a triple win: they gain a constituency, support scientific research, and take action that might someday lead to the introduction of a policy they sympathize with (i.e. a mix of the third, fourth, and fifth reasons to favor trials). Politicians might not be fully aware of the extent to which they are affected by each of these motivations.

A danger for the UBI movement comes along with this possible mix of motivations: trials might end up deflecting political momentum away from full implementation of UBI. Once a trial is in place, it can become a temporary barrier to full implementation. A good trial can last 3–7 years or more from inception to final report. Having said *yes* to a trial, the politician now has the perfect excuse to say *no* to implementation for that entire period. You asked for a trial; I gave it to you; it only makes sense to wait to fully evaluate the findings of the trial you wanted before taking the next

<sup>2</sup>However, they might not share the same vision of UBI. Therefore, similarity in motive doesn't imply that they will test the same version of UBI that supporters are most interested in. A UBI test cannot be as diverse as the UBI movement is.

step. Three-to-seven years is a long time in politics. The movement could peak during that period. Sympathetic parties could lose power. The unfinished NIT experiments might well have been a barrier to the introduction of some form of BIG in the United States when a bill was active in Congress in 1971 and 1972.

Having discussed the social and political process of bringing experiments about, the next chapter discusses the social and political reaction to experimental results.