



Universal Basic Income: Comparative Analysis of Experiments

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Abstract. The article reveals the features of universal basic income. The objective of the research is to analyze experiments with UBI and to detect advantages and disadvantages of this relatively new, innovative and rather contradictory approach. The method of research is comparative analysis. Several experiments in the sphere of UBI in different types of countries (both developed and developing) are discussed. It is shown that the results of UBI-like experiments are controversial.

Keywords: Universal basic income · Public finance · Social policy · Welfare · Poverty · Inequality

1 Introduction

The study of issues related to the evaluation of results of some experiments in the sphere of universal basic income (UBI) is of current interest.

There is significant amount of publications devoted to the aspects of UBI – both in western economic literature and in Russia. Among them we can name publications by such authors, as Ackerman, Alstott and Van Parij [1], Andersson [2], Coady, Prady and Francese [3, 4], Widerquist [5], researchers from Kela (The Social Insurance Institution of Finland) [6], Istratov, Belyanov [7], Kuznetsov [8]. A number of international organizations have issued their working papers devoted to UBI. For example, OECD is an opponent of UBI in advanced economies as it is revealed in [9]. As for IMF, it does not give direct answer about UBI: in a special announcement the representative of IMF said that IMF is not advocating for or against UBI [10]. There is a specialized website devoted to the concept of UBI [11]. However, it seems that there is no holistic approach to an integrated assessment of opportunities and risks of UBI, which is really necessary to increase efficiency in the relevant sphere.

Experiments in social sphere in different countries have a high degree of uniqueness and specificity, their evaluation is characterized by uncertainty and variety of factors that should be taken into consideration.

In this context the aim of this study is to analyze possibilities and drawbacks of UBI. For achieving the aim of the research, it is necessary to reveal the essence of UBI and the realization of this concept in practice, clarify the problems of evaluation of the results of the experiments with UBI management.

2 Essence of Universal Basic Income and Reasons for Popularity of the Ideas of Universal Basic Income

UBI is a periodic payment unconditionally delivered to all on an individual basis, without means-test or work requirement. According to one of the most famous proponents of the idea of UBI Philippe Van Parij, UBI is defined as «income paid by a political community to all its members on an individual basis, without means test or work requirement» [1, page 4].

Relevance of the topic can be explained by the necessity to introduce new approaches to fight with poverty and inequality.

An important reason for the popularity of the idea of UBI was the fear that the labor market would be threatened by automation - smart robotic technologies would force people out of their jobs. There is some evidence that the labor market will face a threat from Artificial Intelligence (AI) in particular and information technology in general. Under the conditions of automation, machines think faster, make more accurate decisions and do their job more carefully than a person. There are industrial robots, unmanned vehicles, systems of collecting and analyzing information, digital assistants - achievements in the field of narrowly focused AI. Although General Artificial Intelligence (comparable in cognitive ability to human, that is, able to solve in completely unforeseen situations, to experiment and invent new scenarios, with self-consciousness), according to forecasts, will not appear until 2050, the level of intelligence that robots demonstrate already now disturbs the society. According to the research performed by BCG, when asked about the implications of AI for the economy and society, citizens expressed significant concerns about the availability of work in the future (61% agree) [12]. One of the publications, that caused a wide public response was the publication of Oxford Martin School, where it was stated, that around 47% of total US employment is in the high risk category due to computerization [13]. So, the threat of loss of income makes people turn to the idea of small but guaranteed income.

3 Experiments in the Sphere of Universal Basic Income

Analysis of different countries' experiments in the sphere of social policy, including welfare, can produce relevant data about UBI and provide some understanding of the necessity and possibility to implement UBI as a national or regional policy. Analysis of some UBI-like experiments include cases of the USA, Canada, Finland, Italy, India, Kenya, Uganda (see Table 1).

Our research showed that in practice, there was no full implementation of the concept of UBI in any country of the world. What is given as examples of implementation of UBI can be better defined as different forms of social benefits, which are devoid of either unconditionality, inclusiveness or regularity. The concept of a minimum guaranteed income - a social support system that provides all citizens of the country with enough income for life - is close to the idea of UBI, but is not the same. The minimum guaranteed income is fundamentally different from UBI by the

Table 1. UBI-like social programs

Period	Place of experiment	Number of participants	Payable amount, euro/month	Conditions of inclusion into the program	Comments
1996–nowadays	USA (North Carolina)	8000	862 (in year 2016)	Belonging to the Cherokee tribe	The program budget is formed by gambling revenues
2006–2008	Uganda	12000	329	Age from 15 to 25 years, ultra-low income (less than \$ 1 per day)	The program was aimed at increasing employment, reducing poverty and the risk of participation in riots
2010–2012	India (Madhya Pradesh)	6000	21 (per family)	Living in a certain village	The experiment involved 9 villages; performance evaluation was conducted on a wide range of factors: living conditions, nutrition quality, morbidity, etc.
2017–2018	Italy (Livorno)	100 families	460 (per family)	Belonging to the poorest families	In 2018 the experiment was extended to another 100 families
2017–2018	Canada (Ontario)	4000	940	Low income	The project has not been extended
2017–2018	Finland	2000	560	Age 25–58, absence of work	The project has not been extended
2017–nowadays	Kenya	26000	20	Living in a certain village	200 villages were divided into 3 groups with different duration of payments to compare effects of short- and long-term projects

application of some criteria by which the right to receive additional government benefits is assessed. As for minimum guaranteed income, various forms of it now exist in many countries.

It is also necessary to stress difficulties in performing experiments of UBI. The UBI-like programs were performed on a limited scale and cannot be recognized as national scale programs.

Among possible advantages of UBI researchers often name: poverty reduction, the ability to lead a decent life, no matter what happens; insurance against financial disasters in light of the threat of a decline in employment due to the growing automation of processes; possibility for people to spend more time with their families or volunteer activities; reduction of corruption opportunities.

The results of the experiments are contradictory. Some above mentioned advantages were really achieved. For example, in developing countries there were improvements in poverty eradication. In particular in India the following was observed: improvements in health, productivity, and financial stability. In terms of impacts to health, the unconditional cash transfers were associated with better food security and lower rates of malnutrition, especially in female children. Recipient villages had lower rates of illness, more consistent medical treatment, and more consistent medicine intake. As a result they had higher expenditures on schooling and agricultural inputs, promoting better education and higher agricultural yields.

In some experiments the start of payouts led to higher employment and not to its decrease, as some skeptics feared. A number of features were noted: shift from hiring to work based on self-employment (for example, farming), increase in women's business activity, and reduction in the level of migration from the relevant areas.

Finland can be an example of advanced economy with the experiment in the sphere of UBI. In Finland, according to preliminary results, at the end of the experiment the recipients of a basic income perceived their wellbeing as being better than did those in the control group. The recipients of a basic income had less stress symptoms as well as less difficulties to concentrate and less health problems than the control group. They were also more confident in their future and in their ability to influence societal issues. Survey respondents who received a basic income described their financial situation more positively than respondents in the control group. They also experienced less stress and fewer financial worries. The basic income experiment in Finland did not increase the employment level of the participants in the first year of the experiment [6].

One of the controversial issues with UBI is the issue of eliminating of inequality. Proponents argue that UBI can reduce inequality, since income will be the same for all. Opponents claim the opposite, and their arguments are stronger. It is obvious that different people may need different income to maintain the same standard of living for various reasons: different health conditions; different climate and place of residence, etc. Thus, people with problems of any kind will be put in less favorable conditions. This fundamentally undermines the idea of a social state, which supporters of UBI advocate.

The most serious drawbacks of UBI are as follows: burden on public finances, possible tax increases, reduction of other social programs, fraught with public discontent; dismantling of labor and socially useful activities, polarization of society, loss of skills and the inability to return to the labor market. Inflation will lead to a decrease in real income, so an indexing mechanism is required within UBI approach.

Additional complications associated with UBI were found out in the experiment in India and include the fact that within households women's ability to manage income will be limited in favor of men. There is also an argument about the potential overload of the banking system.

We can conclude that given the forms of social relations that have developed in the modern world, the implementation of UBI in the near future seems unlikely. Only from a financial point of view, the UBI concept can be suitable for small countries accumulating income from external sources (for example, offshore and resort countries, gambling territories, etc.). But a change in circumstances in some countries, for instance, the terms of a social contract, may open the way for the implementation of UBI in its ideal form in the long term.

4 Conclusion

In this paper we have revealed the essence of UBI. We have analyzed several experiments with UBI or UBI-like programs and came to the conclusion that, first of all, there are difficulties with proper definition of the concept and evaluation of the results of experiments taking into consideration different factors. Second, it was shown that the results of the experiments in the sphere of UBI are contradictory.

We should look at the UBI from an interdisciplinary perspective with focus on both economic and social factors. It is necessary to combine views of economics, politics, social policy and philosophy into one holistic approach to UBI. An analysis based on survey data that examines the impact of the experiment on the wellbeing of the UBI recipients should be continued. We need to bring together international and national scholars, scientists and activists to have a comparable look at UBI, identify commonalities and differences across countries with UBI and finally learn lessons for more efficient social policies.

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