6. Basic income and employment
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INTRODUCTION

In the Finnish basic income experiment, the main interest was in its employment effects. The centre-right government of Prime Minister Juha Sipilä (2015–19) wanted to know whether the provision of basic income would reduce bureaucracy, income traps, and other disincentives linked to the present social security system (see Kangas and Pulkka, 2016; De Wispelaere et al., 2019; Chapter 2 above), thus boosting labour supply and increasing employment.

The target group of the experiment consisted only of unemployed jobseekers (see Chapter 3). This is not the first time that the unemployed are direct targets of measures to increase labour supply. Since the 1950s, elements of active labour market policies (ALMPs) have been gradually introduced in Finnish employment policies. Most social benefits given are intended to activate the benefit recipients in their job search. This policy paradigm culminated in the activation model implemented at the beginning of 2018.

The same government that implemented the two-year basic income experiment introduced the activation model in the middle of the experiment. The activation model introduced a set of stricter criteria for all unemployed persons in Finland who were receiving unemployment benefits. Within a three-month surveillance period, unemployed jobseekers had to work for 18 days, take part in active labour market services for five days, or earn income from their own business to avoid a 4.65 percent cut in unemployment benefits during a three-month surveillance period.

Owing to massive criticism from citizens and trade unions, the newly-elected centre-left government, the Social Democratic Party, with leader Antti Rinne as Prime Minister, abolished the activation model at the beginning of 2020. The emphasis of the government, now led by Prime Minister Sanna Marin, is more carrot than stick when promoting active citizenship. Considering the strong path dependence in policymaking, it is still unlikely that conditionality in the current unemployment benefit system would radically decrease.
The path dependence was however broken, but only for two years in the Finnish basic income experiment. In the experiment, 2000 unemployed individuals were selected to receive unconditional income transfer of €560 per month. This means that these 2000 people were free of screening, which effectively categorises people into deserving and undeserving – a process typical in today’s social security system and criticised by the proponents of basic income to be an unjust way of delivering social benefits. According to these proponents, citizens have a subjective right to decent livelihood in the form of basic income. They claim that basic income also boosts small-scale self-employment and other economic activities; thus, by giving protection against social risks, basic income boosts alternative activities beneficial for the functioning of the societies.

In this chapter, we discuss and analyse the relationship between basic income and employment. We ask whether basic income enhances employment and the re-employment possibilities, and measure them through self-assessments on work ability and confidence in finding new work. Work ability is a prerequisite for re-employment, and confidence in finding work is a subjective assessment of overall re-employment possibilities considering both labour supply and demand considerations.

We start with a short review of the theoretical discussion on the topic and discuss the results from previous basic income experiments. Thereafter, we will analyse findings from the Finnish basic income experiment. We briefly discuss the results of the register study (see also Hämäläinen et al., 2019, 2020a, 2020b), after which we will focus on analysing the survey data collected from the participants of the Finnish basic income experiment (for an outline of the data, see Chapter 5). In the final part of the chapter, we review the data analysis and its policy implications.

ENCOURAGEMENT TO WORK OR SEDUCTION TO LAZINESS?

When discussing basic income, questions around labour supply and incentives to work inevitably arise. Sceptics argue that unconditional social benefits eventually deteriorate work morale. This idea can be found in all activation policies targeted at the unemployed and those at risk of unemployment. On the other hand, advocates of basic income have more faith in humankind, with some placing their full trust in the goodness and wisdom of human beings. According to them, basic income not only frees people from low-quality jobs but also enables them to make (only good) choices in their lives that eventually increase well-being and life satisfaction.

As usual, the truth about human behaviour can be found somewhere in between these views. Unconditional income without expectations of any kind
of compensation – that is, labour in some form – could certainly encourage some to exploit the possibility of freeing themselves from work. However, studies on what drives people suggest that most human beings have a need to acquire more than what is needed for mere existence, beyond providing for their families and learning new skills (Lawrence and Nohria, 2001). Thus, free money that covers only the minimum standard of living would not satisfy those needs.

Of course, not all are lucky enough to have the capability to acquire more income or a higher status in society. Different segments of the population can, either occasionally or on a long-term basis, experience difficulties in finding work and earning a decent income in the labour market. The stricter the criteria for receiving social benefits, and the more barriers to employment, the higher the risk for an individual to be excluded from the labour market and – in the worst-case scenario – from society.

Automation and ‘robotisation’ is already starting to exclude those with less capabilities and an ever-increasing number of workforces from the labour market, adding to challenges faced in the labour market and, by extension, the social security systems. From this perspective, the results from basic income experiments such as the Finnish one should be of particular interest to policy makers and others involved in reforming current systems for social protection.

**Employment Effects of Other Basic Income Experiments**

Societal experiments are implemented in specific cultural contexts, and therefore each basic income experiment is unique with its own goals and purposes (Widerquist, 2013; Van Parijs and Vandeborght, 2017: 138–44; Standing, 2020: 87–199). In developing economies, these goals typically relate to poverty, health, education, overall social security, emancipation, and empowerment of girls and women (for example, Davala et al., 2015; Davala, 2020). For example, the world’s largest basic income experiment in Kenya had been designed to study poverty alleviation and income distribution effects (Widerquist, 2013: 63–4).

In the Basic Income Grant project conducted in the region of Otjivero-Omitara of Namibia in 2007–09, the aim was to study whether basic income can reduce persistently high levels of income inequality (Haarman et al., 2020). Standing (2020: 91) summarises the results from the Namibian experiment as follows: ‘Basic income resulted in improved health, nutrition, sanitation, schooling, and economic activity, with several indicators of strong emancipatory effect for women, disabled and minorities’.

It is one thing to carry out basic income experiments in poorer developing economies, where any social benefit introduced will eventually lead to better income and well-being. It is another thing to carry out such experiments in
modern economies with developed and often quite complicated social security systems, where any policy implication is difficult to predict. For example, if the motivation for the experiment is to increase employment (as it usually is), introducing a simple social benefit in a complex system may not make life for the recipients of social security any simpler or increase their incentives to accept work by reducing high effective marginal tax rates (see Chapter 2).

As in the Finnish basic income experiment, employment effects were of great interest in the negative income experiments implemented in the United States in the 1960s and the 1980s: the New Jersey experiment (running 1968 to 1972), the Rural Income Maintenance Experiment (1970 to 1972), the Seattle–Denver Income Maintenance trial (1970 to 1980), and the Gary Income Maintenance Experiment (1971 to 1974). Alongside employment effects, these voluntary experiments were also designed to study the completion of education, educational results, dissolution of marriages, and consumption patterns. With regard to employment, results from these experiments were mixed. Overall, labour supply decreased, with the decrease being more significant among women with children and younger adults. The explanation is that mothers stayed longer at home with their small children and youngsters stayed longer in school. (Widerquist, 2013).

Canada has experimented with basic income on two occasions. In 1974, the Manitoba provincial government introduced a social experiment called the Canadian Guaranteed Annual Income. Also in this experiment, the employment effects were of interest. The results of Hum and Simpson (1991, 1993, 2001) and Prescott et al. (1986) showed a small decrease in working hours among benefit recipients. It is debatable, however, whether this was caused by the unconditional social benefit or the fact that the (voluntary) participants knew that the experiment was only temporary and would eventually end. Furthermore, Calnitsky (2016), based on a survey collected in the town of Dauphin in 1976, found that when compared with conventional social security with means-testing, the experimented annual income caused less stigma.

In 2017, policymakers in Ontario in Canada decided to experiment with basic income among a few thousand recipients of Ontario Works, or Ontario Disability Support Program benefit recipients. They wanted to study the effects of poverty, inequality, and a complicated social security system. However, the experiment was cancelled in 2019 by the newly-elected provincial government, which underlies the highly political nature of basic income.

In the Netherlands, a new model for delivering last-resort social assistance was investigated in order to determine whether decreasing conditionality in the social security system would end up increasing employment and overall activity of benefit recipients. In six Dutch cities, instead of delivering ‘money after distrust’, those in need for last resort financial aid were given ‘money for trust’, that is, unconditional social benefit comparable to basic income. At
Although the Dutch experiment was not a basic income experiment, the idea behind it was practically the same: to challenge the prevailing discourse that the stick works better than the carrot in creating incentives to supply labour, even amongst the most disadvantaged of the population. Its evaluation report, Sociaal en Cultureel Planbureau (2019), criticized the Dutch politicians for being too strong in their belief in the power of sanctions to increase labour supply when they introduced the ‘crown jewel’ of the activation policies, the 2015 participation law (participatiewet).

It is not that sanctions are never effective. For some unemployed jobseekers, imposed sanctions may be necessary to incentivise them towards the labour market. However, to accept work, one has to be fit enough to perform the tasks at work. According to the OECD (2020a: 41), one-third of those weakly attached to the labour market in Finland had health problems. In their cluster analysis, OECD (2020a: 46) found a group of unemployed living in rural areas with no recent work experience, and among them, 61 percent had health problems limiting their ability to work.

Hence, the question of activation cannot be approached only from the income transfer perspective. When trying to find the most effective measures for enhancing employment, we need to acknowledge that a number of the unemployed face multiple barriers to employment, including health problems, and lack of skills and recent work experience (OECD, 2020a).

**RESEARCH SETTING**

In the Finnish basic income experiment, the main interest was in the employment effects of an unconditional social benefit. In the evaluation of the experiment, based on administrative register data, the number of days at work was compared between the receivers of basic income (treatment group) and the control group. According to the results, the former committed more days at work during the experiment, but the difference compared with the controls was modest (Hämäläinen et al., 2019, 2020a, 2020b).

When the first results for the employment effects were published, a media and political debate broke out: ‘Disappointing results!’; ‘Last nail in the coffin of basic income!’; ‘The basic income experiment failed!’ Thus, for those who expected to see positive employment effects, the results indicated that basic income is not a proper solution when reforming social security systems. If the adherents of basic income were waiting for a landslide victory, they were disappointed, although the results were, in a sense, positive as well-being increased while employment neither increased nor decreased (Kangas et al., 2020).
Although administrative registers have indisputable benefits for evaluating the effects of societal experiments, they are not able to tell the whole story of the people who participated in the experiment – their motivations, aspirations, and orientations in life. In this chapter, we go beyond register data and numbers of days at work. By utilising the survey data, we aim to provide a richer picture of the relationship between basic income and employment. When striving for evidence-based policymaking in reforming social security systems, we emphasise the need for multiple sets of data offering different viewpoints on experimented social policy models, such as basic income.

In the Finnish experiment, recipients of basic income were randomly selected from all unemployed jobseekers who received either basic unemployment allowance or labour market subsidy from the Social Insurance Institution of Finland (Kela) in November 2016. In the two years before the experiment, 20 percent of them had been unemployed during the entire period from 2015 to 2016 and 76 percent had been unemployed for more than one year (Hämäläinen et al., 2020b: 14). Thus, most probably at the beginning of the experiment, many of the recipients of basic unemployment benefits had one or more barriers to employment, including health conditions and reduced ability to work (for example, OECD, 2020a).

Research Questions, Variables Used and Methods

In this chapter, we ask whether basic income enhances employment and re-employment possibilities, which we measure using self-assessments on work ability and confidence in finding new work.

In the results section, we first describe those who found employment and those who did not find employment despite receiving basic income. We are also interested in how those employed found work. Thereafter, we continue to analyse the ability to work of those in the experiment and how it is connected to their employment. Finally, we analyse and compare self-ratings between the treatment and control groups on confidence in finding new work and how they relate to actual employment.

The dichotomous variable ‘employed’ pertains to those respondents who stated in the survey that they were either employees or self-employed. Out of all employed respondents, as many as 94 percent were employees and the rest were self-employed.

Work ability was measured by the following question: ‘Let’s assume that the top rating we can give your ability to work is 10. How would you rate your ability to work on a scale of 0 to 10, where zero is very poor ability to work and 10 is excellent ability to work?’ Confidence in finding employment was measured by the following question: ‘If you are currently unemployed or were to become unemployed, do you think that you would find work corresponding
to your qualifications and experience within 12 months?’ Respondents could answer ‘yes’, ‘no’ or ‘I do not know’. In the subsequent binary logistic regressions, the third option is omitted.

Furthermore, for the regression analysis, we recoded the variable on ability to work into five categories instead of 11. In the first category, we combined the first three (0–2) categories of the original variable into one. Likewise, for the next four categories, we combined two categories of the original variable into one (3–4 = 2nd category; 5–6 = 3rd category; 7–8 = 4th category; and finally, 9–10 = 5th category). Occasionally, we refer to the original scale.

We start by describing how these variables and labour market statuses are distributed among basic income recipients (treatment group) and the control group. Thereafter, we run separate regression models, one for employment and one for confidence in finding employment. The independent variables included gender, age, level of education, family structure, and the degree of urbanisation of the municipality of residence. To visualise the connection between ability to work, the treatment (getting basic income), employment, and confidence in finding employment, we run general linear models and present estimated marginal means in two graphs. The estimated marginal means tell the mean response for each factor, adjusted for other background variables included in the model.

RESULTS

According to the survey, 35 percent of the recipients of basic income reported having employment at the end of 2018 compared with 28 percent in the control group. These numbers are higher and the differences between the treatment and control groups slightly larger than in the register study (27 percent and 25 percent, respectively) (Hämäläinen et al., 2019, 2020a, 2020b). While the survey only describes the cross-sectional situation at the end of the experiment, we do not know for how long the employed had been in employment during the experiment.

Of those who were employed by the end of the experiment, a vast majority (66 percent) were working full-time and the rest 34 percent were working part-time. In principle, part-time work is less common in Finland (15 percent) than the average of 17 percent in many other industrialised OECD countries (OECD, 2020b). Furthermore, part-time work in Finland is concentrated mainly in the retail and service sectors. With this in mind, the share of part-time workers is surprisingly high.

For some, working part-time may be a preferable solution in their current life situation; for others, it is involuntary, indicating difficulties in getting work with full hours. Part-time work can facilitate the transition to an open labour market for those who have been outside the labour market, whether they have
been unemployed or taking care of the children at home. An underdeveloped part-time labour market may thus be a major barrier to employment. Indeed, when asked about it in the survey, as much as 67 percent of those working part-time expressed their wishes to get full-time work.

When asked about how the respondents had found work, contacts given by the public employment services (PES) available at the Employment and Economic Development Offices were the most common route to employment in the control group (28 percent), whereas this figure was lower in the treatment group. In the treatment group, the most common way back to the labour market was by making direct contact with the employer (32 percent of those who were employed). Nonetheless, PES remained an important way to find work for basic income receivers (20 percent), which emphasises the importance of well-functioning employment services for job seekers. In the Finnish experiment, recipients of basic income were not excluded from the PES, and quite a large share of them had registered themselves as clients at the Employment and Economic Development Offices (Hämäläinen et al., 2019, 2020a, 2020b).

What Explains Employment?

There is a positive and significant association between basic income (treatment) and employment (sig. = 0.007). In this respect, the results are in line with those from the register-based evaluation of the experiment. However, the association loses its statistical significance when controlling for gender, age, level of education, household structure, municipality of residence, and ability to work (Table 6.1). In Table 6.1, coefficients for treatment and for those background variables that got significance are presented.

According to the results, receiving basic income did not quite significantly contribute to finding employment; coefficients for municipality of residence were also found to be insignificant. On average, males have somewhat better possibilities of finding employment than women. Not surprisingly, education increases the probability of employment. The probability of employment among groups with only basic education compared with those with the highest educational attainment was less than 40 percent \( (\exp(\beta) = 0.399) \). The coefficient of the size of the household is also significant in the model. The respondents who lived alone had the lowest probability of being employed \( (\exp(\beta) = 0.459) \). Of those who belonged to the treatment group and were living alone, 74 percent were without employment and 62 percent of them were men.
Table 6.1  Results of logistic regression for probability to be employed in the end of the experiment

<table>
<thead>
<tr>
<th></th>
<th>Coefficient</th>
<th>Sig.</th>
<th>Exp(β)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treatment</td>
<td>0.202</td>
<td>0.107</td>
<td>1.224</td>
</tr>
<tr>
<td>Woman</td>
<td>–0.262</td>
<td>0.034</td>
<td>0.769</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td>0.018</td>
<td></td>
</tr>
<tr>
<td>25–35</td>
<td>0.535</td>
<td>0.015</td>
<td>1.707</td>
</tr>
<tr>
<td>36–45</td>
<td>0.198</td>
<td>0.385</td>
<td>1.219</td>
</tr>
<tr>
<td>46–55</td>
<td>0.497</td>
<td>0.026</td>
<td>1.644</td>
</tr>
<tr>
<td>55+</td>
<td></td>
<td>ref</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>1 Basic</td>
<td>–0.918</td>
<td>0.000</td>
<td>0.399</td>
</tr>
<tr>
<td>2 Vocational</td>
<td>–0.281</td>
<td>0.094</td>
<td>0.755</td>
</tr>
<tr>
<td>3 High school</td>
<td>–0.434</td>
<td>0.074</td>
<td>0.648</td>
</tr>
<tr>
<td>4 College</td>
<td>–0.219</td>
<td>0.374</td>
<td>0.803</td>
</tr>
<tr>
<td>6 Applied university</td>
<td>0.091</td>
<td>0.670</td>
<td>1.095</td>
</tr>
<tr>
<td>7 University degree</td>
<td></td>
<td>ref</td>
<td></td>
</tr>
<tr>
<td>Size of the household</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 person</td>
<td>–0.779</td>
<td>0.000</td>
<td>0.459</td>
</tr>
<tr>
<td>2 persons</td>
<td>–0.297</td>
<td>0.191</td>
<td>0.743</td>
</tr>
<tr>
<td>3 persons</td>
<td>–0.078</td>
<td>0.747</td>
<td>0.925</td>
</tr>
<tr>
<td>4 persons</td>
<td>0.072</td>
<td>0.769</td>
<td>0.930</td>
</tr>
<tr>
<td>5+ persons</td>
<td></td>
<td>ref</td>
<td></td>
</tr>
<tr>
<td>Ability to work</td>
<td></td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>1 (in original scale 0–2)</td>
<td>–2.751</td>
<td>0.000</td>
<td>0.064</td>
</tr>
<tr>
<td>2 (in original scale 3–4)</td>
<td>–2.904</td>
<td>0.000</td>
<td>0.055</td>
</tr>
<tr>
<td>3 (in original scale 5–6)</td>
<td>–1.454</td>
<td>0.000</td>
<td>0.234</td>
</tr>
<tr>
<td>4 (in original scale 7–8)</td>
<td>–0.389</td>
<td>0.003</td>
<td>0.638</td>
</tr>
<tr>
<td>5 (in original scale 9–10)</td>
<td></td>
<td>ref</td>
<td></td>
</tr>
</tbody>
</table>
Condition for Employment is Ability to Work

In addition to proper skills and education, one important precondition for employment is the ability to work. Those who received basic income for two years rated their ability to work on average better than the control group. 45 percent in the treatment group and 39 percent in the control group indicated in the original 0 to 10 scale that their ability to work is 9 or higher.

In the regression analysis, the ability to work significantly explains employment. In all categories of work ability, the probability of employment is significantly lower than in the reference category 5; that is, those who in the original scale evaluated their ability to work to be either 9 or 10. This is in line with the recent *Faces of Joblessness* report by the OECD (2020a), which states that health problems are one of the main barriers to employment in Finland. The report concludes that, ‘compared to other OECD countries, a large proportion of Finland’s jobless report poor health as a barrier to employment’. In its report, the OECD suggests that, in particular, mental health problems of joblessness should be paid more attention when developing active labour market policies.

A closer look at the interaction between the treatment variable (receipt of basic income) and ability to work shows that for those who had low ability to work (lower than 4 points in the original scale), the treatment had no effect, whereas on higher levels we observe a positive association (Figure 6.1). The result indicates that, at least in the Finnish experiment, basic income made it easier for those who had better ability to work to find work. However, for those who suffered from physical or mental health problems (possibly associated with low skills, see Table 6.1), unconditional social benefit alone was not sufficient to increase labour supply; in addition to decent level of income security, this group of unemployed individuals would need health, employment, and social services.

Our interpretation is that basic income is hardly more than another form of social transfer for those with cumulative social and health problems. These people do not benefit from the abolishment of all conditions in the income transfer system; they need affordable and accessible services designed with a multidisciplinary approach to help them find their way back to the labour market and live a more meaningful life.

Although most of the basic income recipients were unemployed at the end of the experiment, our findings indicate that re-employment possibilities were better for the treatment group than for the control group, who rated themselves lower in their ability to work. In the subsequent section, we take a look at respondents’ confidence in finding employment and how that confidence is related to a number of those background factors used in Table 6.1.
Even the most motivated unemployed jobseekers may find re-employment difficult due to various employment barriers such as lack of suitable jobs, health problems, or lack of sufficient occupational skills. The previously published results from the evaluation of the basic income experiment show that overall well-being at the end of the experiment was significantly higher among the basic income recipients than the controls (Kangas et al., 2019, 2020). We can reasonably assume that with better well-being and a higher ability to work, it is easier to be re-employed. Of course, better health or well-being do not comfort much if, after dozens of job applications, one is still unemployed. That said, the precondition for seeking employment is that the person in question still believes in her or his possibilities to be employed.

In the survey, we asked the respondents to evaluate their employment possibilities within the coming year if they were currently unemployed or if they would become unemployed from their current job. Not surprisingly, the employed respondents were more confident in finding work than unemployed respondents. Whereas 81 percent of the currently employed believed that they would find employment, if they now became unemployed, the corresponding share was 51 percent among the currently unemployed. Furthermore, basic
income recipients were significantly more confident in their re-employment opportunity than the control group (69 and 56 percent, respectively).

Table 6.2  Confidence in finding work corresponding to one’s qualifications and experience within 12 months. Logistic regression results

<table>
<thead>
<tr>
<th></th>
<th>Coefficient</th>
<th>Sig.</th>
<th>Exp(β)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treatment</td>
<td>0.466</td>
<td>0.001</td>
<td>1.593</td>
</tr>
<tr>
<td>Employed</td>
<td>0.904</td>
<td>0.000</td>
<td>2.469</td>
</tr>
<tr>
<td>Age 25–35</td>
<td>0.945</td>
<td>0.000</td>
<td>2.572</td>
</tr>
<tr>
<td>Age 36–45</td>
<td>0.653</td>
<td>0.003</td>
<td>1.921</td>
</tr>
<tr>
<td>Age 46–55</td>
<td>0.521</td>
<td>0.013</td>
<td>1.684</td>
</tr>
<tr>
<td>Age 56+</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ability to work 1 (in original scale 0–2)</td>
<td>–1.950</td>
<td>0.000</td>
<td>0.142</td>
</tr>
<tr>
<td>Ability to work 2 (in original scale 3–4)</td>
<td>–1.924</td>
<td>0.000</td>
<td>0.146</td>
</tr>
<tr>
<td>Ability to work 3 (in original scale 5–6)</td>
<td>–1.174</td>
<td>0.000</td>
<td>0.306</td>
</tr>
<tr>
<td>Ability to work 4 (in original scale 7–8)</td>
<td>–0.605</td>
<td>0.000</td>
<td>0.546</td>
</tr>
<tr>
<td>Ability to work 5 (in original scale 9–10)</td>
<td>reference</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As shown in Table 6.2, treatment significantly explains confidence in finding work. The probability of believing in their possibilities in finding work was 1.6 times higher (exp(β) = 1.593) among those who received basic income, compared with the controls. Consequently, the probability of believing in their possibilities in finding work was 2.5 times higher (exp(β) = 2.469) among those in employment, compared with the unemployed. Less surprisingly, age significantly decreases confidence in finding work as does lower work ability. Other background variables were not very significantly associated with the dependent variable.

As with work ability and employment, Figure 6.2 shows an interesting interaction between confidence in finding work and ability to work. This has an important bearing on the discussion in the division of labour between benefits in cash and benefits in kind in helping people to believe in their possibilities to
find employment and thus attracting them back to the labour markets. When self-rated ability to work was low, there was no difference in confidence levels between the treatment and control groups, whereas among those who regarded their work ability as good or very good (values 7 to 10 in the original work ability scale), confidence in finding employment was higher among the treatment group. These results further emphasise the importance of health and rehabilitation services, not just for the unemployed but for every citizen.

![Figure 6.2](image.png)

**Figure 6.2** Estimated marginal means for confidence in finding employment, treatment and ability to work

Although the mechanisms behind employment and tackling barriers to employment are complicated, our results show that there is positive correlation between basic income, employment and confidence in finding work among those with better self-rated ability to work. In the survey, we also asked the respondents whether they had had an opportunity to do meaningful work or improve the material standard of living within the past two years; that is, during the basic income experiment (see also Chapter 10). Basic income recipients answered ‘yes’ more often to both questions than those in the control group.

**DISCUSSION**

One key motivation behind basic income is that it is said to give possibilities for people to open new avenues in their lives and to switch careers. Since
basic income provides basic security and reduces economic risks, it is seen as a facilitator for starting new small-scale businesses by providing economic support during the formative years of the business and also minimising shame if the business fails (for example, Nooteboom, 2013: 213).

Furthermore, proponents of basic income regard it as a social policy model for societies where wage labour or dependent employment disappears (Gilber et al., 2020). However, in that respect, our story is much about stability. Basic income contributed to some extent in finding employment, but many of those who were unemployed at the beginning of the experiment had the same status at the end of the experiment. We also did not find any dramatic differences in the employee or self-employed statuses between the treatment and control groups.

There are several reasons for this rather static picture. First, the target group of the experiment consisted of unemployed persons receiving flat-rate unemployment benefits from the Social Insurance Institution of Finland, which means that many of them had an experience of lengthy unemployment spells. Second, the recipients of basic income knew from the very first payment of the benefit that the experiment would end after two years. Knowledge of the finality of the unconditional monthly payment inevitably affected their behaviour. Third, income transfers, which are provided in the form of basic income or in more traditional income maintenance systems, are not enough if an unemployed person faces multiple barriers to employment, including health problems. As shown above, while basic income had a positive association with employment among those unemployed who had better health, there was no such association among those who had low work ability.

Based on our results and the results presented in other chapters of this book, we can argue that freeing people from screening and the financial stress linked to the sanctioning of social benefits increases their well-being, therefore creating better conditions for learning new skills and acquiring jobs they are motivated to do (see also Kangas et al., 2020). This phenomenon is visible in the higher levels of confidence in finding employment among the treatment groups compared with the controls.

Unfortunately, the two-year experiment was not long enough to reliably observe the long-term effects on the employability of the recipients or employment effects of basic income more generally. Needless to say, receiving basic income does not suddenly give the recipients better education, better health, or remove other possible hindrances to employment. In a society with basic income, positive or negative changes in employment are conditional on the same factors that influence labour supply and demand in systems without basic income.

Furthermore, when health problems form a barrier to employment, as we have shown, the conditionality of a social benefit is not a relevant issue. To
enhance re-employment possibilities and further activation of citizens, services are needed. In Finland, the Employment and Economic Development Offices offer services to unemployed jobseekers, as well as municipal health and social services, and education services. The emphasis in these services is in the transition towards more intensified multidisciplinary work in a customer-oriented manner. Decent economic security is necessary, but is not a sufficient condition for re-employment. Income transfers must be accompanied by a wide array of services to improve the employability of those who have multiple barriers to employment.

REFERENCES


