

# What's Happening

I N T H E W O R L D ?

BY LAWRENCE GABLE

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In the past a few places in the world have considered giving people a basic income. That is, they would guarantee that citizens receive a certain amount of money every month. Now the idea is gaining popularity, and this year Finland has become the first country in Europe to experiment with it nationwide.

The idea itself is an old one. In 1516 the English philosopher Thomas More published a novel called *Utopia*. One of its characters argues that a minimum guaranteed income would reduce theft better than a death sentence would. In 1795 one of America's Founding Fathers, Thomas Paine, made another argument. He said that a guaranteed annual sum is "a right, and not a charity."

Others made similar arguments in the 20th century. In 1918 the English philosopher Bertrand Russell wrote that a "small income, sufficient for necessities, should be secured for all, whether they work or not." In 1966 the Canadian economist John Kenneth Galbraith described a minimum income as a "prompt and effective solution for poverty." In 1968 Martin Luther King Jr. wrote that a guaranteed income would abolish poverty.

The main argument against a basic income is that people would lose all incentive to work. An experiment in Canada in the 1970s revealed something different though. In a small town in Manitoba, about a thousand poor families received a minimum monthly income. At the end of the two-year experiment, only two groups of people actually had worked less. One was mothers who had chosen to stay home with their newborn babies. The other was adolescents who had worked less during the school year.

Finland's program will last for two years. The government has chosen 2,000 unemployed Finns around the country who are 25–58 years old. They will receive a guaranteed sum of about \$600 per month. In contrast to the fear that people will work less, officials in Finland believe that the program will help people find work.

There are about 200,000 Finns who are unem-

## Finland Starts Paying a Basic Income



ployed and collect unemployment benefits every month. However, if they find work, even just part-time or short-term, they risk losing those benefits. That means that they could end up worse financially than if they did not work at all. In many cases, then, employment benefits act as a disincentive to looking for a job. Under the basic income program, if someone gets a job, the salary will replace the unemployment benefits. However, the worker will continue to receive the basic income.

The government also believes that the program will reduce costs for the welfare system. The system keeps track of who is unemployed. If someone gets a job, the system must calculate how much it will reduce the unemployment benefits. That takes time and money. Paying for the basic income payments will not raise costs. That money will come from what the government does not have to pay in unemployment benefits.

The basic income has some advantages. For citizens, the program should reduce poverty and unemployment. It also could free them to do creative and meaningful things. For the government, it could build a stronger economy. If the program is successful, Finland could expand it to include all adults.

Automation in developed countries is making changes in employment. Humans are losing jobs to robots and machines. In fact, experts estimate that within the next 20 years they may be doing 25–33 percent of the current manufacturing jobs. For many workers, full-time work may disappear because there might not be enough jobs. A basic income could become a necessary way to let people share the profits of automated labor.

Kenya and India already have experimented with forms of a basic income, and Canada will again in 2017. Researchers have found that it appeals to most people across Europe too. Cities in the Netherlands, Scotland and Italy already are planning experiments with it. Finland and these other countries are looking for new ways to help their citizens live decent lives. As working conditions change, the world is taking the idea of a basic income seriously.

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The idea itself is an old one. In 1516 an Englishman wrote a novel called *Utopia*. One of its characters argues that a minimum guaranteed income would reduce theft better than a death sentence would. In 1795 one of America's Founding Fathers, Thomas Paine, said that a guaranteed annual sum is "a right, and not a charity."

Others made similar arguments in the 20th century. In 1918 an English philosopher wrote that a "small income, sufficient for necessities, should be secured for all, whether they work or not." In 1968 Martin Luther King Jr. wrote that a guaranteed income would abolish poverty.

The main argument against a basic income is that people would choose not to work. An experiment in Canada in the 1970s found something different though. About a thousand poor families in a small town received a basic income for two years. In the end only two groups of people actually had worked less. One was mothers who had stayed home with their newborns. The other was teens who had worked less during the school year.

Finland's program will last for two years. The government has chosen 2,000 unemployed Finns around the country. They will receive a guaranteed sum of about \$600 per month. Officials in Finland believe that the program will help people find work.

About 200,000 Finns collect unemployment benefits every month. However, if they

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find work, even just part-time or short-term, they could lose those benefits. If so, by taking a job they could end up with less money. Under the basic income program, a job's salary will replace the unemployment benefits. However, the worker will continue to receive the basic income.

The government also believes that the program will reduce costs for the welfare system. The system keeps track of who is unemployed. If someone gets a job, the system must calculate the unemployment benefits. That takes time and money. Paying for the basic income payments will not raise costs. That money will come from what the government does not have to pay in unemployment benefits.

The basic income has some advantages. The program should reduce poverty and unemployment, and free people to do creative and meaningful things. It could build a stronger economy too. If the program succeeds, Finland could expand it to include all adults.

Automation in developed countries is causing changes. Humans are losing manufacturing jobs to robots and machines. For many workers, full-time work may disappear because there might not be enough jobs. A basic income could become a necessary way to let people share the profits of automated labor.

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# Background Information

The guaranteed basic income is also known as a “citizens’ wage.”

Unemployment in Finland stands at 8.1 percent. The country’s economy has not grown in the last decade. The average income in Finland is \$3,700 per month.

Finland may expand the experiment later to other low-income groups such as part-time workers, freelance workers, and small-scale entrepreneurs.

Having a basic income might make companies more willing to take the risk of hiring more aggressively, knowing that they can let the workers go if they need to.

Switzerland was the first country to hold a referendum on the issue of a basic income. The proposal was to give every Swiss adult \$2,800 per month. The government did not support the idea, and in 2015 about 75 percent of Swiss voters rejected it.

The Italian city of Livorno began a guaranteed basic income program in June 2016. It gave just more than \$500 per month to the city’s 100 poorest families. The city expanded the program to include 100 families on January 1, 2017. The mayor refers to it as “the community helping the community.”

The cities of Ragusa and Naples are considering a plan similar to Livorno’s.

Ontario, Canada, is starting an experiment this spring. Probably it will be a three-year program, with recipients receiving 1,320 Canadian dollars per month. People with disabilities will receive more.

In the Netherlands, the city of Utrecht has a plan called Know What Works. Several test groups will get a basic monthly income of about \$1,000 under slightly different conditions. One will get the money as an unemployment benefit, and it requires them to keep looking for work. Another will get it whether or not they seek work. A third group will get an extra \$135 if they volunteer for community service.

In 1976 Alaska started its Permanent Fund. The state sets aside a certain part of oil revenues for the benefit of current and future Alaskans. In 1982 it began making an annual payment to its citizens. Since 1996 the amounts mostly have been more than \$1,000.

## Topics for Discussion and Writing

### Pre-reading:

- Explain as best you can how unemployment benefits work.

### Comprehension:

- What is Finland’s experiment with basic income?

### Beyond the Text:

- Identify a couple of jobs that could be either part-time or short-term.
- List a few ways in which a basic income of \$600 per month might help an adult in your life.
- Describe a few advantages that robots and humans have over each other in the workplace.

## Vocabulary (\*advanced article only)

*Article-specific:* to experiment; philosopher; economist\*; poverty; short-term; welfare system; automation

*High-use:* income; to guarantee; to publish\*; minimum; annual; sufficient; to secure; prompt\*; to abolish; incentive\*/disincentive\*; to reveal\*; adolescent\*; contrast\*; benefits; financially\*; economy; to expand

## Sources

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Unconditional Basic Income Europe  
[www.basicincome-europe.org](http://www.basicincome-europe.org)

## Common Core Curricular Standards

### Reading — Grades 5–12

Quote accurately from text

Cite textual evidence

Draw inferences

Determine central ideas

Analyze structure of text

Interpret words and phrases