EXAMPLES OF SOME BI & MINIMUM INCOME GUARANTEE EXPERIMENTS

CANADA, Manitoba, Dauphin: 1974-79. The Mincome (Minimum Income) Experiment, financed by Federal and Provincial funds, was an unconditional means-tested benefit scheme, which topped up the incomes of households whose incomes were below the poverty level, and was not based on the individual. Its results were not analysed until 30 years later. Few people had stopped working and hardly anyone in fulltime employment reduced the hours that they worked. Married women took longer maternity leave. High school completion rates increased during the study. Poverty had been eliminated, aided by the financial predictability and stability of the Mincome support, which helped about 1,000 families (roughly one third of the population). There were significant savings in health-care costs, due to reductions in 'accidents and injuries', less domestic abuse, and reductions in hospitalisation from mental health issues.

NAMIBIA, Otjivero-Omitara: 2008-09. The objectives of this privately financed initiative were to eradicate poverty, for universal primary education, to promote gender equality and empower women. A sample of 930 residents of this rural settlement received the equivalent of £7 per month. Even such a small amount produced dramatic results in the reduction in child malnutrition, and increased school attendance. Women's economic status improved. Health benefits were noted. The majority of participants increased their work output.

FINLAND, nationwide, 2017-18. A targeted BI experiment was set up on a far less ambitious scale than initially intended, due to limited finance. A sample of 2,000 randomly-selected unemployed adults, aged 25–58, receive €560 each month, (replacing some of their unemployment benefits), which they keep after finding a job. Data collected mainly via administrative registers, not questionnaires. Initial results indicated little effect on hours of work, but recipients felt much happier.

SCOTLAND: The Scottish BI Pilot Steering Group, comprising officials from four Local Authorities – City of Edinburgh, Fife, City of Glasgow and North Ayrshire – are exploring the feasibility of a BI experiment, supported by £250,000 from the Scottish Government as seed corn finance for 2 years to April 2020. A BI scheme could be implemented nationwide only if Scotland were fully fiscally-devolved.

***Further information can be accessed via the following websites**:*
Citizen's Basic Income Network Scotland, for Scottish schemes. *www.cbin.scot*
The Scottish BI Pilot Steering Group *http://basicincome.scot*
Citizen's Basic Income Trust, for UK-wide implementation.*www.citizensincome.org*
Basic Income Earth Network of national organisations. *www.basicincome.org*

*Some of this material has been abstracted from **A BASIC INCOME HANDBOOK**, by ANNIE MILLER, 2017, pbk, £12.99, Luath Press. ISBN: 978-1-910745-78-6*
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BRIEFING LEAFLET No 7.
BASIC INCOME PILOT PROJECTS

A personal view by Anne G. Miller
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"A basic income is a periodic cash payment unconditionally delivered to all on an individual basis, without means-test or work requirement." Basic Income Earth network (BIEN), (www.basicincome.org/basic-income/). Similar to Child Benefit, it is for everyone, and is tax-exempt. Many variations (models) are possible.

BI Pilots require **TIME**, **EXPERTISE**, **RESOURCES** and **COMMITMENT**.

PURPOSES OF BI PILOT PROJECTS:
- EDUCATIONAL – to inform the public about Basic Income, and encourage them to engage with their elected representatives about it.
- TO TEST HYPOTHESES about the *behavioural* effects of different levels of BI and different types and levels of financing.
- TO TEST HYPOTHESES about the impact of BIs on *attitudes*.
- TO DEMONSTRATE its administrative and economic viability in reality.
- TO DETECT any unintended adverse consequences.

LIMITATIONS OF BI PILOT PROJECTS:
- Neither a random sample nor a saturation sample can be absolutely universal, since it necessarily excludes those outside the sample.
- Should participation in a pilot project be mandatory – or voluntary (not a representative sample), and opt-out or opt-in?
- 'No detriment.' No one should be made worse off financially by participating in the project. The BI is effectively zero for sample subjects with higher levels of income. Thus, the pilot will not be able to assess the likely behavioural effects on wealthier individuals, if a BI scheme were to be implemented nationally with full claw-back through the tax system.
- The short duration of most such projects – 24 ± 12 months – enables some short-term effects to be detected, but not long run, nor those of a life-time, BI.
- They will not pick up macroeconomic effects on, eg. demand for labour, changes in productivity, wages and prices, average profit rates for businesses, new companies moving into deprived areas, new investment in the local economy and workforce. A large saturation sample should be able to pick up some of these effects at the local level.

ETHICS OF BI PILOT PROJECTS:
- Those outside the BI scheme are excluded – thus, some citizens would benefit from the BIs, but not others.
- At the end of the BI project, subjects should be supported, & their earlier rights preserved, when they return to the current Social Security system.

PHASES OF THE PILOT PROJECT:

- PLANNING: could take 2-3 years, and should include:
  devising the actual BI schemes (models);
  a public education program to help to inform the population;
  a political process of the public engaging with their elected representatives;
  estimating costs, exploring fin sources; securing whole budget in advance?
- IMPLEMENTATION: probably a further 2 or 3 years.
- EVALUATION: collation and analysis of data generated.
- DISSEMINATION OF RESULTS – to public/media – reports, articles, events.

PLANNING PHASE

Thorough preparatory work is essential, and should not be rushed.

A **core, multi-discipline, research team** would work closely together to plan and design the actual BI project. Where necessary, opinions would be sought from specialist advisors, including an experimental design statistician, a social security expert, an economist, and a psychologist, among others.

The team would explore, with the public and others in the host areas, what questions they want to be asked as part of the project, and what outcomes they want the BI schemes to achieve. The team would **devise the appropriate BI models**, each involving a **different level of BI**. Each level of BI with its **associated rate of (income) tax** would be levied until the BI effectively became zero. The various models can be applied at different times or to different samples, to test a range of hypotheses about BI schemes, gaining maximum information, while avoiding unnecessary repetition. The models should also specify how existing National Insurance and means-tested benefits are to be treated.

The core team would advise on the **size of, and sampling method for**, the treatment and control groups, to ensure that the analysis is statistically rigorous. Samples for an authentic BI project should cover **all ages** and **all income groups**. A **saturation sample** of people in a defined geographical area enables the impact on the local community to be assessed, but it may not be a representative sample of the whole country. A **stratified random sample** could ensure that smaller groups are represented, but an individual may be the only person in a family or household receiving a BI. Ideally both stratified random samples and saturation samples would be used.

The team would design and test a questionnaire, to be put to the treatment and control groups at regular intervals, and ensure that the information collected will enable the appropriate hypotheses to be tested. It would advise on the different types and frequency of intervention that would be required, eg surveys, diaries, case studies, or the use of other sources, such as administrative registers.

The team would also have to engage with national and local governments, benefit agencies and revenue administrations, to obtain any necessary support. The team could also contact researchers who have made use of relevant microsimulation models, and also those in other countries who have set up a BI (or a related concept) experiment, to learn from their experiences. Towards the end of the planning phase, the complete proposal would have to be put to the relevant authorities, for approval of the subsequent phases.

THE COSTS OF THE BI PILOT PROJECT can be divided into two parts:

I. The **costs of operating the BI scheme**, as if it were already implemented, would probably fall to official sources:

- The cost of the BI scheme, including the **sum of the gross transfers**, (total cost of the BIs paid to the sample subjects for the duration of the project). This constitutes by far the major part of the expenditure for the project.
- The salaries and expenses of the BI delivery and data-gathering team(s);
- The salaries and expenses of the team that would ordinarily support the sample subjects to adjust to changes.

II. The extra **costs of conducting a multi-discipline, research program** could be met by official sources, matched by grants from grant-awarding bodies;

- The expenses of the core research team for the planning phase, the duration of the experiment, and the analysis and dissemination periods.
- Other expenses, equipment, salaries of field staff, dissemination costs, etc.

The amount of relevant information that can be generated by the project should be maximised, to create a data base which can be analysed over future years. The marginal cost of the research program is a relatively minor part of the project compared with the cost of granting the BIs.

ANTICIPATED SAVINGS AND OTHER SOURCES OF FINANCE:

- Savings from the benefits being replaced – these could be estimated.
- Savings from simplified less-intrusive administration, with less fraud and error.
- Legal tax avoidance could be reduced by closing many tax loopholes.
- The Personal Allowance could be reduced, (since its function is fulfilled by the BIs), leading to Increased income tax revenue.
- Clamping down on illegal tax evasion.
- The indirect cost of poverty on the NHS, personal social services, poverty alleviation programs, and on the criminal justice system, would be reduced.
- New thresholds and Increased income tax rates could raise extra revenue, (the UK is in the middle range for taxation among the developed nations).
- New taxes – LVT, Sovereign Wealth Funds, Transaction taxes, Sales tax.
- Taxes on labour-displacing Capital, if automation increases unemployment, as anticipated – may need international co-operation.