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## Basic income is a popular idea, but small pilots cannot produce generalisable evidence

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*The announcement of a small pilot in England will push basic income up the political agenda and generate debate but not evidence, writes Marcia Gibson*

In June 2023, the thinktank Autonomy announced a proposal for England's first ever pilot of basic income.<sup>1</sup> Subject to attracting funding, the pilot will pay £1600 monthly to 30 people in two English sites for two years, with a control group of 30 receiving no payments. The scale of the response to this announcement on traditional and social media is indicative of how much this idea has shot up the agenda globally in a relatively short period, but unfortunately much confusion prevails about what a basic income really is, how much we can know about its potential effects from the existing evidence, and what is required to evaluate pilots effectively.

Basic income has gained traction globally as a proposed solution to increasing income inequality and employment precarity. Since income is widely acknowledged to be the fundamental social determinant of health and health inequalities, advocates argue that a universal basic income would lead to profound improvements in population health by alleviating poverty. Unconditional payments would give people financial security and more freedom to choose how to spend their time. Universal payments would make society more equal, as everyone would receive the same amount. It would also tackle problems with existing social security systems such as stigma, poor take-up of benefits, and intrusive means testing and work requirements.

To deliver the objectives of basic income advocates, payments would have to be universal, permanent, unconditional, and stable (not fluctuating in value or affected by income from any other source). Some argue that payments would also need to cover basic subsistence. To understand the effects of a basic income, evidence needs to come from studies of schemes that resemble this model as closely as possible, since any variations could alter the effects of the scheme.<sup>2</sup> The source of funding (income tax, a newly identified resource such as oil, or a new tax on wealth, land, or use of personal data by social media companies) can also influence a scheme's results through its effects on work incentives and other outcomes.

Good evidence exists to show that cash transfers are beneficial when targeted at people on low incomes,<sup>3-5</sup> but we know little about the effects of giving money to everyone regardless of income. Comparative trials of universal payments are inherently challenging as, by definition, no unpaid control group exists with which to compare any changes in outcomes. Autonomy acknowledges that its pilot can only “imperfectly reflect the universal nature of a basic income,” but still states that its pilot will “test the impact” of basic income. Yet pilots of small, geographically dispersed samples, such as the English pilot Autonomy is proposing, cannot generate evidence that is generalisable to a universal basic income model implemented at scale in a high income country.

## Existing evidence

A systematic scoping review that I carried out with colleagues in 2020 found there weren't any studies of basic income schemes in high income countries that matched all the criteria of paying a universal, unconditional, and permanent income with stable, subsistence level payments.<sup>2</sup> The review included 27 studies of nine cash transfer pilots and policies, which met the key criterion of unconditionality and at least one of the other criteria for a basic income. By June 2023, a further 18 studies had been published. Thirty eight of these 45 studies used experimental designs that allow researchers to draw causal inferences.

Overall, the evidence suggests that unconditional payments do not lead to large reductions in employment. There were some substantial improvements in participants' health,<sup>6</sup> education,<sup>7</sup> crime rates and offending,<sup>8</sup> political participation,<sup>9</sup> and a range of other outcomes. Several studies also reported no effects or, in some cases, adverse effects on certain health outcomes such as short term mortality—mostly associated with the receipt of large lump sum payments which, like salaries or any other large payment, are sometimes spent on alcohol or drugs.<sup>10 11</sup>

Studies of schemes that were included in the review reported some strong positive effects, such as a 17.7 g increase in birthweight per \$1000 of dividend paid to all residents of Alaska,<sup>12</sup> and up to a year longer in secondary education for Eastern Cherokee adolescents whose families received casino dividend payments.<sup>7</sup> However, in studies where all members of a community receive payments, these types of effects are usually concentrated among people on low incomes, with weaker or no effects observed among those on higher incomes.<sup>2</sup> The added advantage of universal payments therefore remains unclear. Furthermore, evidence from large quasi-experimental studies in Alaska—where universal payments funded by oil dividends have been in place for over 40 years—shows that wealthier people invest the

payments in income bearing assets or educational resources for their children.<sup>13 14</sup> This has led to increased income inequality, and the long term effects on inequalities in education are as yet unknown.

We do have evidence to show that payments to people on low incomes have positive effects across a range of outcomes,<sup>3-5</sup> and studies of the long term effects of the US social security system show that over time the improved health, education, cognitive, and economic outcomes it provides generate a return on investment that substantially exceeds the initial cost.<sup>15 16</sup>

Giving people money with no requirement to work does not seem to lead to higher unemployment—a common line of argument by detractors of unconditional payments.<sup>2</sup> There is, however, strong evidence that work requirements for people on benefits are detrimental to health.<sup>17-20</sup> Sanctioning people on benefits does not lead to higher employment or income in the medium term, but does have detrimental effects on self-reported physical and mental health and material hardship, with less robust evidence for increases in child maltreatment.<sup>21</sup> Reform of social security systems that takes full account of this evidence is increasingly urgent, and the UK should take particular notice, having implemented large increases in the rate and value of benefit sanctions in recent years.

## **Unknown unknowns**

Basic income advocates have good reasons for wanting to run small pilots of basic income-like interventions, illustrated by the new example in England. Small pilots are very effective at generating debate and pushing basic income up the political agenda. However, although we have evidence for the beneficial effects of cash payments for people on low incomes, studies of universal payments to large populations show little to no effect on outcomes for people who are not on low incomes, and suggest that inequalities may in fact increase if everyone receives payments. Studies with very small samples cannot provide the answers to the complex questions we're left with, and statistical estimates obtained from them are not reliable indicators of the intervention's effect.

Much larger, more expensive studies of universal or near-universal interventions would be needed to clarify the many remaining unknowns about the effects of a universal basic income. In the meantime, we have strong evidence that work requirements and sanctions are causing direct harm to millions of people. Efforts would be better focused on convincing policy makers that non-punitive social security systems, which allow people to live with dignity, are a prudent investment.

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<eref>1 Autonomy. A big local basic income: Proposal for a Locally-led basic income pilot. 2023. <https://autonomy.work/portfolio/basic-income-big-local></eref>

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