



SAMFUNDSTANKEN
CROSS-CULTURAL THINK TANK

Basic income with UBInow

2nd edition

The report is an exposition and qualification of basic income, focusing on SamfundsTanken's model UBI_{now}. The report is purposed to strengthen decision-makers' knowledge base for further discussion and establishment of a project. The report is a working document and thus under processing, which is why it does not constitute SamfundsTanken's official opinion as of yet.

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Danish version of this report can be found at
<http://www.samfundstanken.dk/UBI_{now}.pdf>

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<http://www.samfundstanken.dk/UBI_{now}ENG160524.pdf>

PREAMBLE

UBInow is SamfundsTanken's model for Unconditional Basic Income (UBI), better known as Basic Income. The model is created by SamfundsTanken's employees and founders. The motivation behind producing the model is presenting a Basic Income model, which demonstrates that it is possible to implement a Basic Income that is economically sustainable with an increased revenue to the state and provide higher payment per citizen than the Danish unemployment benefit level. The demonstration is supported by half a century of research in basic income and related topics.

Basic Income is an income which is provided for all citizens regularly without any counter-claims or conditions. Basic Income is thus a universal right. It is allotted to everyone independently of other income sources.

Basic Income is passing the GO space in Monopoly: each time you pass the space (end of the month) you receive a payment (Basic Income) regardless of how many or few properties and hotels you own. It is the same amount for everyone.

The report is, besides a presentation of UBInow, also an introduction to the reader regarding the pros and cons of Basic Income and value-oriented views. Especially arguments for and against Basic Income are substantiated by referring to scientific literature, which contains insights and nearly objective criteria that is considered relevant to include in a political evaluation.



Basic income is a universal right. It is given to all, independently of other income.

When we say political evaluation, it is because there is both a power perspective and a societal perspective. Basic Income will undeniably align power to a new level, and Basic Income replaces a wide range of social benefits as a universal right, thus making an evaluation of socio-economic expected changes relevant.

In the report, we will point out socially relevant challenges, which our current system is unable to solve. However, the basic income model presented here has the capability to solve these challenges. Other basic income models are, however, still important to include in the consideration of how to shape a Basic Income model.

This is why we have created UBInow, which we validate here with arguments that are scientifically consolidated, provides a solution to socially relevant challenges and calibrates power to a new level, which is desirable in view of the democratic ideal. Moreover, it is also our motive to demonstrate that UBInow also benefits those of privilege.

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SUMMARY OF THE REPORTS INSIGHTS

- » Basic Income is more market efficient than conditional welfare payments, seen from general financial assumptions regarding human behavior. Conceptually, it is explained as Basic Income being disconnected subsidies, while the current deficit- and market subsidy transfers are interconnected subsidies, thus creating more dead weight than disconnected subsidies. In other words: basic income is less of a burden to the economy than other welfare benefits.
- » Based on SamfundsTanken's calculations, it is possible to create a universal Basic Income with the UBInow model, financed by an amount above the current unemployment benefit level to all employed as well as unemployed people. In order to achieve a long-term effect of pilot projects, it is essential to make a thorough analysis of the financial infrastructure of each state and/or municipality.
- » The UBInow model counteracts welfare tourism by using the fractional pension rules, which is an arrangement that ensures that the amount that may be given to immigrants in accordance with EU legislation, does not jeopardize the financial basis.
- » Basic Income receives support from a wide range of prominent individuals and organizations, including Guy Standing, World Economics Forum, RSA, Elon Musk, Mark Zuckerberg et. This support is especially motivated by the growing concern regarding an increase in the precariat and the technological development, which will challenge the work force's flexibility.
- » Basic Income is neither a socialist nor a bourgeois project, but a human right, which favors political needs and collective, conservative and liberal and democratic values.
- » Former experiments, analyses and studies of Basic Income unequivocally show that Basic Income leads to better welfare, consisting of, for instance, increased health, better nutrition, a higher level of emancipation, debt reduction and better conditions in the family.
- » The interest in Basic Income has never been greater, which is demonstrated by the amount of basic income experiments that are currently being planned and executed on a large scale worldwide. There is, however, a range of challenges with some of the experiments, due to the financial architecture, which constitutes the basis for the experiments. UBInow makes up for these problems while benefitting trade and technology driven countries such as Denmark and improving societal stability and welfare.

1. WHAT IS UBINOW?

"Suppose that, instead of taxing corporate profits, we required companies to turn over an amount of stock, in the form of nonvoting shares, to the government." (Baker, 2016)

EXPLAINING UBINOW - WE WILL ALL BE SHAREHOLDERS

The quote above by Dan Baker, one of the few economists who predicted the housing bubble (Baker, 2007), takes its origins in an article from NY Times (Baker, 2016). Dean Baker's suggestion resembles the mechanism shown in the UBI now model a lot; that the state or a communally owned central bank invests in shares in companies, who then pay the revenue to their shareholders, thus in turn paying the state/the communally owned central bank. UBI now is a system for a society, where we are all shareholders and may decide which type of work we wish to perform.

In comparison, this mechanism resembles the Alaska Dividend Fund, which pays a yearly amount to citizens in Alaska, and it resembles the Nordic Oil Foundation, which isn't used to pay a Basic Income to the citizens, however.

UBI now is more innovative than the examples above, in the sense that the companies achieve a completely different relation to the cost of labor performed by people, under UBI now wage costs are reduced due to a high unemployment benefit level. One of the economic effects of this is that the competitive position is strengthened internationally. This benefits both employee and employer, but it also strengthens society collectively. Wages and money from unemployment benefits are disconnected more than the status quo in the current system, which increases financial security, the employers achieve lower wage costs and society obtains a safeguard against wage dumping through an effective high monthly minimum wage and an increased incentive to employ Danish workers before foreign workers are sought after. It happens without any deterioration for Danish employees, employers and society. It is an all-round improvement for everyone.

Another aspect of the UBI model's innovation is that Danish companies can expand abroad, without causing the state any trouble, as UBI now is given to Danish citizens, but the profit follows the shareholders of the company, in this case the state. This liberates the companies morally and provides the state additional economic security.

SamfundsTanken argues that Basic Income should be built on this mechanism in order to ensure long-term security of the financial stability of the state and the individual citizen. Elaboration will continuously take place in the report.

CHARACTERISTICS OF UBINOW

A **Basis for payment**
The payment of UBINow is independent of all types of work and factors of work such as education, paid labor, volunteer activities and illness.

B **Justification for receiving the payment**
Everyone, born in Denmark, can receive full UBINow, which follows the rules of fractional pension.

C **Modality of the payment**
The payment of UBINow takes place on the last work-day of the month, 12 times in a calendar year.

D **Duration of the payment**
UBINow contains no time limit besides what is contained in the rules of fractional pension.

E **Conditions of payment**
The size of UBINow depends on the rules of fractional pension.

F **Control of payment**
It is ideal that the social partners adjust the terms of the wage agreements, in order for salary and UBINow not to lead to unfavorable inflation and instability in the economy.

2. FINANCING AND THE ECONOMIC RATIONALE BEHIND UBINOW

"There is no good reason the federal government should maintain 79 separate means-tested programs. There is no good reason why almost none of these programs feature the kind of work-requirements that helped transition millions of Americans into jobs after the 1996 reform." Mike Lee, US senator for Utah

INTRODUCTION - MARKET CONDITIONS AND SUBSIDY SCHEMES

The importance of monthly income and welfare payments varies relatively in different countries and times. In order to achieve certain conditions on the labor market, governments have mediated in the market economy with different sorts of welfare payments over time, and the unions have acted on behalf of the workers' interests.

Welfare payments (deficit subsidies) and agreements between unions (market price subsidies) represent 1/3 of Denmark's economy. This has caused distortion in the allocation of resources, reduction of economic efficiency and created a range of problems in, especially, the EU and social challenges and inland budget relations.

Support for the labor market upholds a higher degree of employment than it would otherwise sustain, unless restrictions have been placed upon employment or initiatives to mobilize labor from one sector to another. The current subsidies also have the effect that many companies have become dependent on unemployment through the job centers' activation, with outside operators and courses, which is supposed to strengthen the quality of labor supply.

That being said, direct income subsidies, such as UBI_{now}, does affect the labor supply and entails distortions in the allocation of resources. However, the distortions will be smaller than is the case with indirect subsidy. The combination of labor supply, capital and land may also, and probably will, be affected by such an initiative, which will lead to changes, because the production costs may be blurred, which provides weak signals to employee and employer.

This is unfortunate, in the light of the importance of price signals for the agents of the market economy, since less transparency leads to distortions of the market mechanisms as well as inconsistency between expectations and actual development. In praxis, this means that the state of the market fluctuation is greater and the economic development less stable.

The current system is, however, subject to much the same criticism, and UBI does lead to a lesser degree of distortion than the current system. All types of subsidy have impact on the allocation of resources in the economy, but the effect on production, spending and trade

is not necessarily the same for each unit of subsidy. Moreover, some initiatives will have a large and immediate effect, whereas others will only have a significant effect long-term. Any kind of subsidy which changes the incentive to produce, by changing the marginal utility and cost of working, will impact the level of consumption.

It is, however, more unclear, how UBI will affect the economy, if people are more free and equal in choosing their own employment and location, and if the labor demand was consciously limited by increased investments in automation of labor. The possible consequences entail a high degree of non-commercial work in the form of volunteer work, domestic help, nurture and entrepreneurship.

AN ECONOMIC EXPLANATION OF BASIC INCOME - DIRECT INCOME SUBSIDY

Direct income subsidy is not related to production or factors of employment. An unconditional version is to provide explicit financial subsidies from the public budget to all people in society, not based on prior, present or future employment or factors of employment and without any limitation on how the subsidy is spent.

All types of subsidy stem from the consumers or those taxable. Market subsidy in the shape of wage agreements between unions and employers provides support from the consumers, by placing a wedge between inland and foreign product prices. The subsidy is transferred from consumers to producers, and is thus added indirectly from inland trade and trade limitations to foreign countries, affecting the production cost.

Deficit subsidy increases the wage level for employees, but does not increase the price for consumers. Subsidy agreements thereby lower the companies' wage costs and thereby production costs.

WE WILL ALL BE SHAREHOLDERS - THE CAPITALIST ROAD TO BASIC INCOME

The long-term strategy for UBI now is to make all Danish citizens shareholders. In other words, SamfundsTanken sees it as not only possible, but also beneficial and necessary to change the way in which we finance our collective and individual needs.

Research done by Thomas Piketty shows, with certain limitations, that the capital return rises faster than the wage income. In other words: it is more profitable to invest than to work. If this tendency is not calibrated, we will inevitably be placed in a situation which is not financially viable for most people, just as the feudal fief-economy did not serve the peasant.

This problem is also pointed out by labor market research scientist Guy Standing (Corruption of Capitalism, 2016) in his new book; that capital return accumulates profit in companies

to a continuously lesser degree. SamfundsTanken estimates, in concordance with Guy Standing, that it is essential to allocate the profit better than it is done today. Therefore, SamfundsTanken suggests that we incorporate profit in a Basic Income model, which we call UBInow.

UBINOW - THE ECONOMIC ARCHITECTURE EXPLAINED

SamfundsTanken has outlined a spread sheet that shows the state's budget when implementing Basic Income (See app. 1). Here, we will account for the financial posts, which are included.

Citizens

We have assumed that UBInow is given to 5m citizens. This is knowingly overestimated, in regards to the actual amount of basic income shareholders under UBInow, in order to prove that it is possible to disburse a Basic Income that is higher than the unemployment benefit level. It allows for unforeseen costs. It is possible to change the number and see the effect under "financing" as well as the total costs.

Basic Income per citizen

This amount can be altered. In the standard, we have set the amount to 18,000 DKK/month before taxes. Higher payment may be, and is most likely, attainable.

Total costs

This is simply number of recipients times amount per year.

Financing

Here we see all the relevant calculations for the UBInow model. In short, we have included all social benefits, which we have judged to be primary for financing UBInow in Denmark. Moreover, we have included the tax- and levy dynamics.

Savings on public wages and deliveries

Strong evidence points to the fact that costs on healthcare will drop, when implementing Basic Income. From a western point of view, the studies Mincome in Canada and Great Smokey Mountain in the US are the most obvious ones to look into. In the paragraph on pilot projects, we will account for the evidence showing this. At SamfundsTanken, we have chosen to make use of an estimate which was calculated based on the Mincome study, which did show a cost reduction of 8.5%.

Value of competitive advantage

It is very uncertain how such a large wage-change will affect Denmark's international competitive position, but if we make use of DI's (DI 2008) calculation of the wage-part of Danish

companies' costs and export-elasticity from the ADAM-model (DST, 2012), it results in an increased export in relation to BNP, long-term, at 14-44% (app 70-220bn DKK). We have chosen to use the low amount in the long term perspective.

Profit by investments from Danish companies

It is assumed here that the state or the communally owned bank invest with a ROI over a span of 3 years. If, for instance, investments are made on 100 billion DKK, then this will result in a profit of 100 billion DKK per year after 3 years.

Profit in the private sector

Just as with cost reductions on the public sector's wages, the state or the communally owned bank, achieves a profit from the reduction, through the companies' surplus. 66.2% of the companies obtain a yearly surplus, and the state receives up to 50% of the profit on the cost savings.

Differential

Finally, we see the difference between expenditure and revenue.

Note on a potential 15-year saving – not integrated in the model

Using Kraka's calculations on how many places of employment will be automated (Kraka, 2014) as a reference, we can expect that app. 730,000 Danish places of employment will disappear during the next 15 years. These people are therefore bound to end up receiving welfare subsidies anyhow, and will therefore become an expense to the state. On the one hand, these people do pay taxes at the moment, but on the other, they will wind up being provided for by the state. However, it is difficult to estimate, since it requires data on the correlation between the age composition and workplaces, which are likely to be affected by the automation.

What is of more interest in this context, is that this is the exact reason why the Danish state should restructure the taxation system, covering earnings by investment-income and not via wage-taxation, since the automation reduces the state's most relevant source of tax revenues.

The examination of the architecture behind UBI now provide useful information that lead us to conclude that UBI now is a solution that enables the tax-system to change from wage-taxation to investment-income which in turn solves societal challenges.

THE RELATIONSHIP WITH EU - FRACTIONAL PENSION

SamfundsTanken sees an opportunity to limit possible welfare tourism, by making UBI now a fractional pension for a much larger group, than it is today:

As found in chapter 1, citizenship, §2, subsection 2

2) *"Foreign nationals, who have obtained residence permit in Denmark following § 7 or § 8 in the Danish Aliens Act"* (The law on social pension Act, 2016)

Where §7 and §8 deals with the refugee convention from June 28th 1951 and UN High commissioner for Refugees or similar international agreements. (The law on the Danish Aliens Act, 2016)

If Denmark initially wishes to implement a pilot project on Basic Income, experiences from Finland's implementation of their own pilot project have contributed to the understanding that Basic Income must not exceed the current welfare payments, if Basic Income is only given to a limited amount of people. In praxis, this means that a pilot project may not work with an amount surpassing that of unemployment benefit. According to observations made on the implementation of the Finnish project on Basic Income, the period should last between 2-5 years (Kallioma-Puha, 2016).

The implications of the conditions in the legal circumstances are, that it is possible to implement Basic Income, which is higher than the unemployment benefit rate, provided that it is given to all citizens of legal age in the country, but not if Basic Income is only given in some municipalities. Experimenting with Basic Income in a limited amount of municipalities may be regarded as conflicting with EU law.

3. CONFUTATION OF ARGUMENTS AGAINST UBINOW AND BASIC INCOME

UBI MAKES PEOPLE LAZY/REMOVES ANY INCENTIVE TO DO PAID WORK

All pilot projects and similar studies working with giving disconnected subsidies to people points to the people not working less. The closest we get to this is the Mincome project in Canada, where documentary evidence showed, that young men and women with newborn babies worked less. However, Evelyn L. Forget showed that more young men finished their education, and women with newborns used the subsidy to care for their children by taking a longer maternity leave. In 1975-1979.

Using EUROMOD it has been demonstrated that people in Denmark are willing to work a bit more if they receive basic income compared to the current system (Colombino et al., 2010).

BASIC INCOME IS TOO EXPENSIVE

Besides SamfundsTanken's calculations on the economic sustainability of UBI_{now}, which only include a very limited amount of dynamic effects (e.g. money flow in the taxation system, hospital services and increased revenue for the state due to increased international competitive position, it can be highlighted that many forms of Basic Income, including UBI_{now}, likely will lead to a lower crime rate and better nutrition, which leads to better health). Moreover, a range of studies point unanimously to Basic Income improving family relations, which could otherwise have resulted in different emotional- and behavioral disorders, which are costly to us all.

REAL-ESTATE, HOUSE AND LAND PRICES INCREASE

There are two significant effects at play here: On the one hand, UBI_{now} provides a more favorable economic profile towards the banks and real-estate agents, resulting in prices increasing. On the other hand, mobility increases, enabling people to settle in less populated, and thus less expensive, areas in Denmark. This will decrease demand and prices in more populated areas.

BASIC INCOME WILL LEAD TO UNWANTED IMMIGRATION

With the UBI_{now} model and its use of fractional pension, it is possible to avoid an erosion of the basis for financing Basic Income. Therefore it is not practically possible to erode the financial basis of Basic Income.

BASIC INCOME LEADS TO LOWER WELFARE DUE TO LOW WAGES

It is correct that the real wages are lower, but the real income is the same, because UBI_{now} is given as a direct income to the wage resulting in the same or higher total payouts.

TRADE UNIONS BECOME SUPERFLUOUS

The trade unions will still play a significant role to the Danish labor market. They will, for instance, be part of ensuring that the wage earner does not receive a wage so low that his/her real income is lowered, ensuring that minimum wage depends on qualifications and that working conditions are secured. The wage earners will achieve more power of negotiation, making them able to negotiate their contract, thereby contributing to the shaping of collective agreements in concurrence with the wage earners' wishes and needs.

4. INDIVIDUAL AND COLLECTIVE ADVANTAGES AND POSSIBILITIES

There aren't as yet many pilot projects and studies in the concrete implementation of Basic Income, which is why it can only be carefully and humbly pointed out how people may use UBI now to improve their lives.

One of our motives in this chapter is to demonstrate that spending money is about choices, and that we should provide poor people with the opportunity of making their own independent choices. The notion of not wanting to give poor people this freedom of choice, because their poverty is seen as based on inferior behavior, *is in disagreement with scientific results*.

BASIC INCOME EXPERIMENT IN INDIA

Basic Income is giving people self-determination and creating new opportunities. The pilot project in India (Davalá, 2015) is a thorough coverage of the Basic Income experiment in India in a series of villages, spanning a timeframe of 18 months. The participants each received what is equivalent to 20%-30% of their income, meaning each adult received \$4,40 the children \$2,20 monthly (2011-amount). That may not sound like much, but the results were impressive. Through the following 18 months, Basic Income made it possible for the participants to create improvements in their lives. Health, nutrition, education, financial activity, women's independence and the prosperity among the disabled were all boosted and improved. The experiment has contributed significantly to provide insight into the social dynamics.

Economist Guy Standing has on several occasions stated that the greatest benefit from the experiment was the social value and the liberation (Standing, 2016). The importance of liberation is difficult to appraise in financial gains, just as democratization of society does not overtly contribute to society and the economy.



Why is this study relevant?

Living conditions are, of course, very different, and India hardly compares to Denmark. Moreover, it can be argued that some of the benefits from UBI stems from the fact that it is naturally far more profitable to invest in people in India than in Denmark. Perhaps it is even fairly correct to view the problem as BNP per worker and explain the phenomena with convergence, meaning the growth rate is higher the lower the BNP per worker is, and that is what is reflected in the experiment in India.



Regardless of how different the living conditions are to the peoples being compared, the experiment shows that more empowerment and liberation is beneficial to all parties.

THE GREAT SMOKEY MOUNTAINS STUDIES

During a long-term study of children's and young people's development of mental disorders, a casino decided to pay \$4,000 a year to people of Cherokee-native heritage. This resulted in it becoming possible to view the impact of increased income without counterclaims made of those suffering from mental disorders.

Some of the results from the study, deducted by the scientists, are the following (Akee, 2015):

1. The casino subsidy resulted in a 20% increase in household income.
2. Behavioral disorders were reduced by 26,7%
3. Emotional disorders were reduced by 35,6%
4. Fewer fights/conflicts between parents and their children as well as better conditions.
5. Reduced consumption of alcohol and narcotics.

These results are somewhat generalized compared to the nuances the studies can actually shed light on. However, there is no doubt as to the direction of the effect, which IS unanimously positive. The closest we get to a negative result is women working a bit less, but the men work more than the women work less. When interpreting the result, the reader should also note that the conditions for maternity leave are significantly worse than in Denmark, and that maternity leave has an economic value in the sense of parenting, nurture and care.

NAMIBIA

The project took place from 2008 to 2009 and was called BIG - Basic Income Grant, where 1000 people received a subsidy of app. £10 each month (Harmann, 2015).

Big motivated the citizens in the area to establish a council of 18 members , who were to mobilize the locals and guide them in how best to use their basic income.

Based on the foods poverty line, meaning the price for necessary foods, this dropped from 76% to 37%.

Income oriented assets went up from 44% to 55%.

42% children were underweight at the beginning of the project, only 10% were underweight at the end of it.

School teaching increased from 50% of the children participating to app. 90% of the children participating. Dropping out of school was reduced from 40% to 0%.

Health clinics' income went up from N\$ 250 to N\$ 1,300 (N\$ 100 = £10, 2007).

Household debts were reduced by app. 36% from N\$ 1,215 to N\$ 772.

BRAZIL

The project only involved 100 people receiving \$15 and is the result of legislation, which symbolically obliges the president to implement Basic Income, eventually. The law is, however, phrased in a way that there isn't an actual demand to take an initiative. The method of measuring is highly questionable and non-standardized.

The results do, however, point towards better nutrition, clothing and health, especially among children. Moreover, Recivitas explain that people use the basic income on investments and home improvements. They have also noted that social interaction has improved, social insecurity is reduced and belief in the future has increased.

All this corresponds well with other projects, but the project is not methodically strong as opposed to the other projects.

SAMFUNDSTANKENS EXPERIMENT WITH LENA AND TINE

SamfundsTanken is currently providing two people with basic income at an amount of 17,000 DKK monthly. They have received the amount for some months now and will at least receive one year of paid Basic Income. The amount reflects what the UBInow model potentially may contribute per citizen in Denmark, long-term.

It is possible to follow Lena on her blog: <http://www.lenaogalleosandre.dk/> and Tine on her facebook page: <https://www.facebook.com/tine.nielsen.397>

FUTURE EXPERIMENTS

Manitoba

Finland

Holland - Utrecht

Canada

5. PERSPECTIVES ON PILOT PROJECTS

The cornerstones in every political plan, regarding implementation, must be built on:

1. Hierarchy
2. Solidarity
3. Individual needs

Hierarchy is the rationale behind the architecture: Is the financing viable? Readying roles, authorities and their relations.

Solidarity refers to the political plan: Having a clearly defined objective, which is value oriented and considers one or several of the communities' values.

Individual needs refer to the fact that the political plan must be manageable by those affected by the political plan. How may these people make use of the proffered resources to improve their living conditions?

We will now present the overall rationales, the objective and uncover the needs.

HIERARCHY

SamfundsTanken has already calculated how basic income is to be financed in the report's spreadsheet (appendix 1), which documents a Basic Income above the unemployment benefit level for all Danish citizens. The first, significant questions are therefore:

1. What do we wish to test with a pilot project? How can we organize and structure a pilot project?
2. How long should the test-period last in order to secure valuable evidence to inform future decision makers?
3. When is it possible to deliver valuable evidence in relation to making a decision regarding Basic Income?

The preliminary answers to the questions from SamfundsTanken's perspective:

What do we wish to test with a pilot project?

Even though we already possess substantial insight into the consequences of implementing Basic Income, via international studies, it is important to the evaluation process and implementation by other operators that clearly defined objectives are at hand, which have been made measurable and comparable to other similar areas and countries.

The questions needing an answer are:

- Can Basic Income increase work, reduce private debt and reduce the period for poverty?
- Can Basic Income reduce costs on the state's other items of expenditure, such as healthcare?
- Can Basic Income strengthen the incentive to perform wage-labor, by helping those who work, but still live in poverty, in a responsible manner?
- Can Basic Income contribute to an increase in employment in the Danish associational life, through more volunteer work, for instance?

It is important to assess the costs of poverty, both in terms of money, but also in terms of people's experience of their everyday lives. This is essential, as poverty hurts us all.

How can we organize and structure a pilot project

The credibility of the pilot project's results and conclusions are basically dependent on the values and principles guiding the project. SamfundsTanken possesses the necessary knowledge to guide the pilot projects, while the financing and bureaucratic effort is a job for the ministry of finance and/or the municipal economy department.

Yet another option is to let a municipality carry the project. This will entail a special agreement between the state and the municipality regarding the financing of the project, as SamfundsTanken's model is dependent, under today's system and until full implementation of UBI now, on a contribution and continuous income from VAT, taxes and levies. The project requires an extensive field of competent specialists, which will be a challenge in itself.

How long should the test-period be, in order to secure valuable evidence to inform future decision makers?

Even though SamfundsTanken estimates that it is more advantageous to implement basic income in all of Denmark at once and with no date in order to gain the greatest result from basic income, the politicians in other countries often require an exit-date. It is SamfundsTanken's assessment that the pilot project shall, at least, take place over a time span of two periods of 2 years, that is, 4 years in total.

When is it possible to deliver valuable evidence in relation to making a decision regarding Basic Income?

SamfundsTanken estimates that there should be a minimum time span of at least 2 years for scientists to study and analyze the project, before it is terminated and potentially discontinued. This is in order to contribute to a larger report, describing strengths and weaknesses in the project, and how other interested municipalities, or perhaps the state, wishes to implement Basic Income.

SOLIDARITY

The chapter on hierarchy also contains some elements from this chapter.

The basic motives of the pilot project are:

1. A more efficient cooperation between the state, market and civil society. There is a vast difference between the Danish welfare model, which provides services based on conditions, and an automated system that provides services regardless of living conditions. The first significant aspect is that Basic Income is technically more efficient than conditioned subsidies, as it affects people's work-behavior less than conditioned services.

Besides the theoretical frame, Basic Income will ease the pressure on administration for delivering social services, and a large collection of resources are released and may be used on social efforts instead. The other aspect is that it provides people with the capacity to make their own decisions.

2. People living with limited economic resources often end up having periods where they live in poverty. These people have a hard time procuring the necessary products for a healthy and happy life. This hurts themselves, their children and their relation to other people.
3. The future labor market creates a need, both for increased flexibility in employment but also a restructuring of the state's income sources. When a shock hits the economy, due to automation of workplaces, important sources of income will be significantly reduced.
4. Approximately 330 bn. DKK alone is spent on welfare payments in Denmark, not including the costs of poverty. The results of a pilot project will provide insight into the relative effect of basic Income. It will strengthen the basis on which to make decisions on how to manage Basic Income or other social acts, on an informed basis.

INDIVIDUAL NEEDS

A significant political and ethical question is, which degree of freedom, liberation and economic security the citizen should have. The welfare state's current shape dictates that the working community ranges higher than voluntary work and care. Basic income will provide the individual citizen with a higher degree of freedom, liberation and economic security in his/her choices, regarding what kind of work the person sees as valuable.

Some prefer the career direction, while others wish to help their fellow citizens through volunteer work, nationally as well as globally, and others yet again prefer to place their energy in taking care of and raising their children as they choose. How we should develop and uncover our psychological needs and develop society collectively is a complex challenge.

However, Basic Income does provide a higher degree of authority for the individual and the freedom of choice to create the framework for the communities that are important to them. Regardless of the result of the basic income pilot project, the project in itself will provide an advantageous insight into how we as individuals and collectively can create a better life for ourselves and others.

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