IBTUAI

Money and work:

Basic Income -
What We Actually Know

01 What a Basic Income Is

A universal basic income is defined by three features. It is universal - everyone in a defined group receives it, with no means test. It is unconditional - it requires no work, no job search, no behaviour of any kind. And it is permanent, not limited in time.

The definition is simple. Applying it turns up something odd: almost no experiment that the media calls a "basic income pilot" satisfies all three features at once. Most satisfy only one of the three.

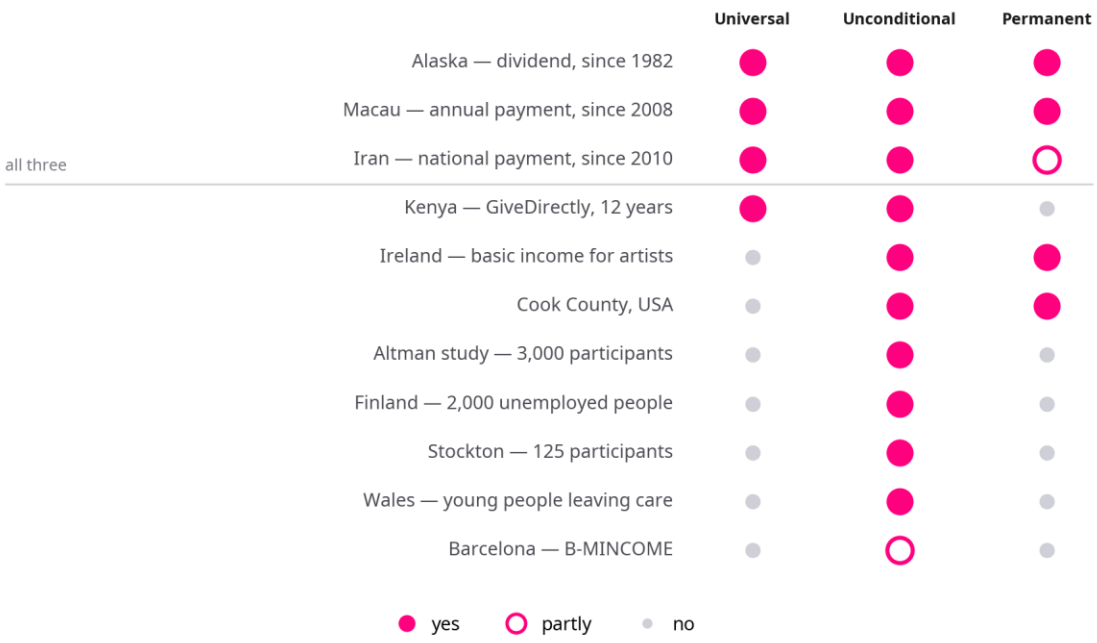

Figure 1. The three features, and the programmes that meet them.

The distinction has a practical consequence. Someone who knows the money will stop in two years behaves differently from someone receiving a permanent income. The textbook prediction is that the response to temporary money is weaker than to permanent money - people treat it as savings rather than as a new condition of life.

02 Finland

The Finnish experiment is the one most often cited and most often misunderstood.

What happened: from January 2017 to December 2018, 2,000 Finns received €560 a month, tax-free and with no conditions attached. Participants were selected at random, participation was compulsory, and outcomes were measured from state registers. Methodologically this is a clean study.

What usually goes unmentioned: only people aged 25 to 58 who were receiving unemployment benefit in November 2016 were eligible. And the payment replaced the existing benefit rather than adding to it. This is not a universal income - it is an unemployment benefit with the conditions removed.

The first-year result: employment was almost identical. The group receiving the money worked 49.64 days over the year; the control group worked 49.25. The difference is 0.39 days, which is to say zero. And this was after the scheme had cut the effective tax on each additional euro these people earned by 23 percentage points. The incentive was there; the response was not.

In the second year the group worked six days more. That figure is often cited as a success, but the researchers themselves warn against reading it that way: on 1 January 2018 Finland introduced a new sanctions regime for the unemployed which affected the two groups differently. In the words of Kari Hämäläinen of VATT, the second-year effect cannot be separated from the effect of that reform.

The loudest result concerned wellbeing: life satisfaction was 7.3 out of 10 in one group and 6.8 in the other; 22.3% reported symptoms of depression against 32.4%; trust was higher too, both in other people and in politicians.

Those figures come from a telephone survey. It was answered by 23% of participants - 31% of the group receiving the money and 20% of the control group. No baseline survey was carried out before the experiment began. The research team states plainly that it cannot determine whether the difference was caused by the payment or was there from the start.

The experiment was not continued. That decision was taken in August 2017 - at a point when no results existed at all.

03 The United States - the Largest Experiment

The largest and most expensive experiment ever run on this question was financed by Silicon Valley. Its principal funder is Sam Altman, who put in $14 million personally; a further $10 million came from OpenAI's nonprofit arm and $15 million from Twitter founder Jack Dorsey. About $45 million went out in payments.

The design is simple: 3,000 participants in Illinois and Texas. One thousand of them received $1,000 a month for three years; the remaining 2,000 received $50. Payments ran from November 2020 to October 2023. The survey response rate was above 90%, which is unusually good for this field.

Results were published in July 2024, and in 2026 the main paper appeared in one of the most demanding journals in economics, the Quarterly Journal of Economics. That matters: most research in this field never goes through peer review at all.

The effect on work is as follows. Labour force participation fell by 4.2 percentage points. Hours worked fell by about 1.3 a week. Individual income excluding the transfer fell by $1,900 a year. Notably, partners also cut their hours by roughly the same amount - so at household level the response is twice as large.

The time taken away from work went mostly to leisure.

The health findings were more surprising still - because there were essentially none. No improvement in physical health was recorded, and the study is precise enough to rule out even a very small effect. Improvement in mental health appeared only in the first year and had gone by the second. What did rise was use of services: hospitalisations by 26% and emergency department visits by 19%.

On finances the picture is this: spending rose by $310 a month, of which $67 went on food and $52 on rent. Savings rose by about $800 and debt by $1,800. The effect on net worth is essentially zero.

No effect on business creation was recorded. Participants more often said they were interested in starting a business, but the number of businesses actually started did not change. Nor did educational attainment, voter turnout, or children's school results.

There is one clearly positive finding. Participants under 30 worked 1.84 fewer hours a week and added 1.08 hours a week of study. In that age group, more than half the working time given up went into education.

04 Why Small Studies Say the Opposite

If Altman's study found a reduction in work, where does the widely repeated conclusion that "unconditional money does not reduce work" come from?

It comes from one particular figure. In Stockton, California, 125 people received $500 a month for two years. Among them the share in full-time employment rose from 28% to 40%, against 32% to 37% in the control group. That figure made it into thousands of articles.

Here is what lies behind it: employment data exist for roughly 86 people per group. The report was preliminary, was published by the programme's own research team in a press release in March 2021, and has never been peer-reviewed. The mental health difference between the two groups does not clear the threshold of statistical significance. And the figures cover only February 2019 to February 2020 - the second year fell entirely inside the pandemic, when the largest one-off payments in American history began.

Taken on its own this proves nothing in either direction. It becomes interesting when you look at all the studies together.

In February 2026 the American Enterprise Institute compiled the full list for the first time: between 2017 and 2025, 122 programmes ran in 33 US states, distributing roughly $481 million to more than 40,000 people. The average payment was $11,765 per person over 18.4 months. Only 52 of them published any results, and only 35 were randomised studies.

Of those 35, thirty measured an effect on employment. The average result: 0.8 percentage points more employment. Which is to say, zero.

Across the four largest programmes, which account for more than half of all participants, the average result is 3.2 percentage points less employment.

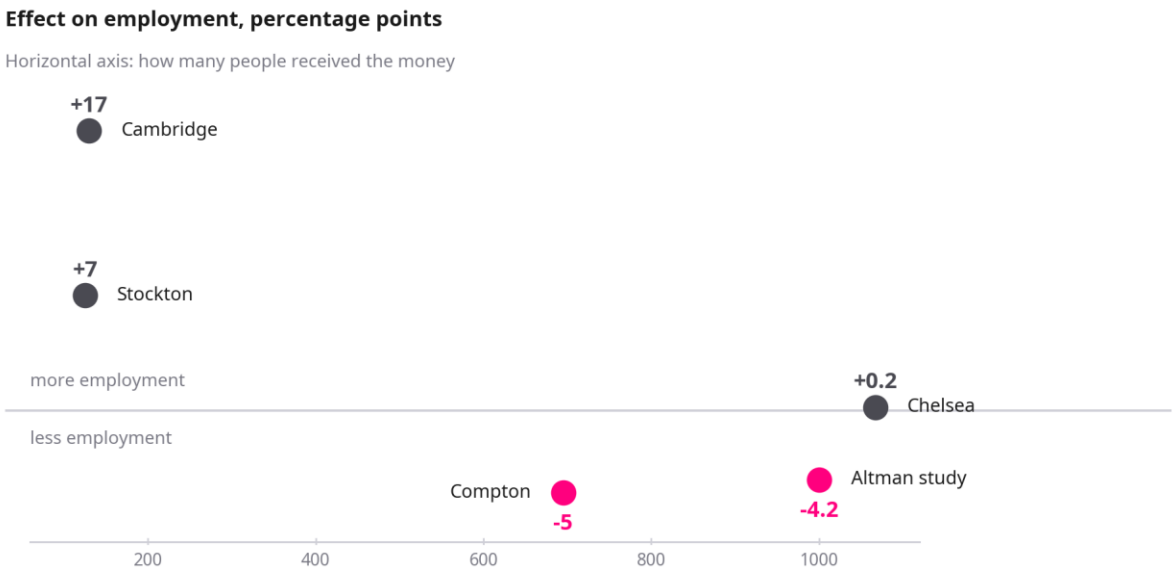

Figure 2. Employment effect against study size. Each dot is one programme.

The pattern is simple: the smaller the study, the more positive the result. Studies on the scale of Stockton and Cambridge produce results so positive as to be economically implausible - they imply that free money makes people want to work more. That is not a finding; it is the noise of a small sample.

The conclusion that "money does not reduce work" rests mainly on studies too small to see anything.

One contradiction should be stated openly. A study in the city of Chelsea, based on medical records and published in JAMA, found a 27% fall in emergency department visits. Altman's study, using the same kind of data, found a 19% rise. Both are good studies, and the contradiction has not yet been explained.

05 Kenya

The one place where universality has genuinely been tested is the villages of Kenya.

The organisation GiveDirectly randomised not individuals but whole villages. If a village fell into the treatment group, every adult in it received the money. That is what makes it universal - within the village, but universal all the same.

The scale: 295 villages, more than 15,000 households, more than 23,000 adults. The amount is $0.75 a day, roughly $22.50 a month. The villages were split into four groups: some receive the money for twelve years, others for two, a third group received about $500 as a single payment, and the fourth is the control group.

The twelve-year programme began in 2018 and is still running. It is the longest horizon ever tested.

The effect on work: total hours worked did not change. But there was a significant shift inside that total — time spent in paid employment fell by about 100 hours a year, and time spent on people's own businesses rose by roughly the same amount. People did not stop working; they moved from working for someone else to working for themselves.

The most unexpected finding concerns the form the money takes. A single payment of $500 did more for business creation than exactly the same total sum split into monthly instalments over two years. A village has on average 73 businesses; the one-off payment raised that number by about 15, the twelve-year programme by 10, and the two-year programme barely changed it at all.

The reason is straightforward: you cannot open a shop on $22 a month. Investment requires a large sum all at once.

The best confirmation of this is the behaviour of the participants themselves. Those in the twelve-year programme began putting money into rotating savings groups - that is, assembling large sums out of small payments on their own. Such contributions ran at three times the median level of the control group.

And the reverse holds too: for reducing depression, the monthly payments clearly beat the lump sum. One instrument is for business, the other for peace of mind.

A separate study, published in Econometrica, one of the leading journals in economics, answered a different question: what happens to a whole local economy when money arrives for many people at once. In 653 villages, more than 10,500 households received $1,000 each - a sum exceeding 15% of the local economy.

The result can be stated in three numbers. Every dollar paid out turned into roughly $2.50 of local economic activity. People who received nothing at all consumed on average $334 more a year - 13% more. And prices rose by a total of 0.1%.

That last figure matters, because it answers the most common objection: that unconditional money will simply push up prices and leave everything where it was. In Kenya, where the inflow exceeded a sixth of the local economy, prices barely moved.

A new study published in 2025 on the same data added one more result: infant mortality fell by 48% and mortality among children under five by 45%.

06 Alaska

If we want to see what a real, permanent, universal payment does, there is only one place in the world to look.

Since 1982 Alaska has paid an annual dividend to every resident of the state, children included. The money comes from a fund built out of oil rents, worth $91.9 billion today. This is forty-four years of experience, and the only case that meets all three features.

A study published in 2022 measured the effect on work: there is no aggregate effect on employment. The only change was a 1.8 percentage point rise in part-time work. In the authors’ words, "a universal and permanent cash transfer does not significantly decrease aggregate employment."

Other findings are positive too. The dividend cuts the number of Alaskans below the poverty line by 20 to 40%. Child poverty stands at 10% instead of the 15% it would otherwise be. Each additional $1,000 received in childhood lowers the probability of obesity by 4.5 percentage points and the number of substantiated child maltreatment cases by 15%.

In fairness, not every result is positive: money received during pregnancy has essentially no effect on birth weight. Cash is not a universal medical instrument.

And yet three circumstances stop Alaska from serving as proof that basic income works.

First, the sum is very small. In 2025 the dividend came to $1,000. For the whole year. That is about 1.25% of per-capita income in Alaska and less than 3% of median household income. This is not an income you live on - it is a supplement.

Second, it is not financed by taxes. Alaska has neither an income tax nor a sales tax. The money comes from outside, from oil. Which means the study measured only half of the experiment: it saw what happens when a person receives money, but not what happens when that same person is taxed to pay for it. The authors themselves explain the zero effect by noting that the money is spent locally and raises demand for labour and that mechanism only works when the money comes from outside.

Third, and most important, the dividend has no legal protection. In 2017 the Alaska Supreme Court held that residents have no legal right to it: it must be appropriated in the budget each year, and the governor can cut it. The formula written into law has not been followed for ten years.

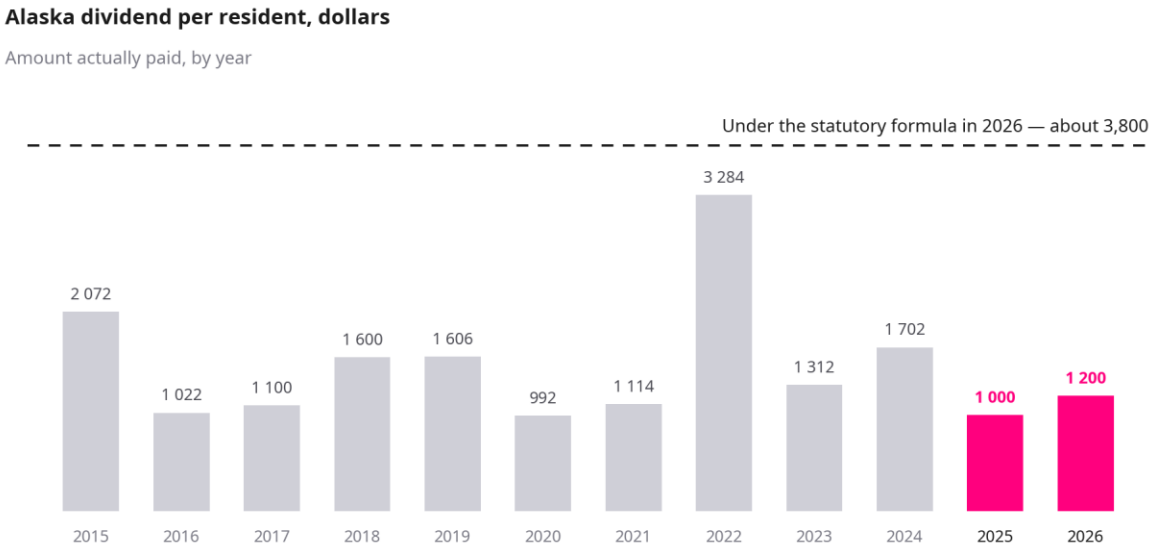

Figure 3. The Alaska dividend — what the law provides for, and what was actually paid.

For 2026 the dividend was set at $1,000, plus a $200 energy supplement. Under the statutory formula it should have been roughly $3,800.

The most telling thing is when this happened. In 2026 the oil price was above $100 from March onwards and the state's projected deficit disappeared. The dividend was cut anyway.

The Alaska story carries one rather unwelcome conclusion. Because the state has no broad-based taxes, cutting the dividend is in effect its only fiscal instrument - and the most regressive one available, since an identical sum is a far larger share of a poor household's income than of a rich one's. The one place that had a choice between funding a universal dividend and taxing itself has chosen, ten times running, to cut the dividend.

07 Iran

The only country in the world to have paid unconditional money to its entire population is Iran and the story is less well known than it deserves to be.

In December 2010 Iran abolished bread and fuel subsidies and in their place began depositing 455,000 rials a month into every citizen's personal bank account. The programme covered more than 70 million people - about 96% of the population.

The scale is the point here. The payment amounted to 29% of median household income and 6.5% of the country's gross domestic product. It is the only case in which an unconditional payment was large enough that calling it a "basic income" is not an exaggeration.

A study published in 2018 measured the effect on work: no reduction in hours or in employment was found. Among women and self-employed men the effect was even positive. This is the largest population on which the question has ever been tested.

And yet the programme collapsed not because of behaviour.

The first reason is inflation. The sum was fixed in nominal terms. Over five years prices rose by 136.5%, the real value of the payment roughly halved, and its power to reduce poverty fell by 40%.

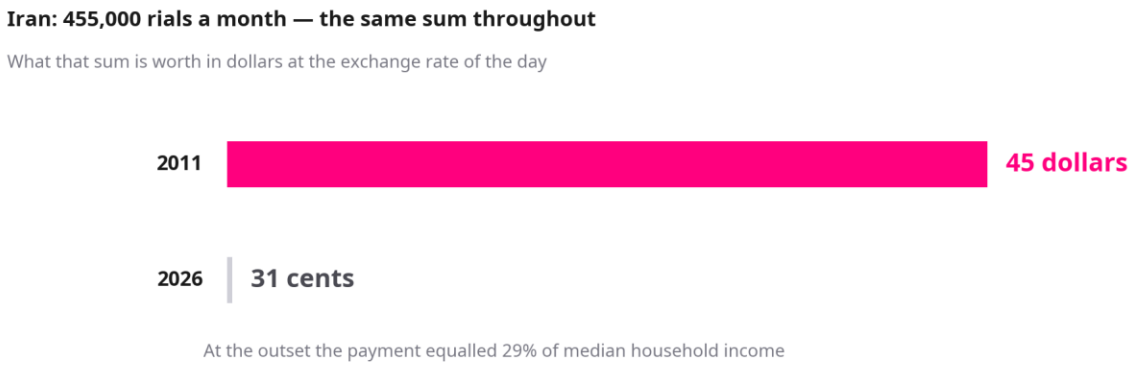

Figure 4. The real value of the Iranian payment in dollars, 2011-2026.

Today that same 455,000 rials is worth about 31 cents a month at the January 2026 exchange rate. At the outset it was worth about $45.

The second reason is political. From 2015 the government gradually struck wealthier citizens off the list - first a million, then the entire top decile, then millions more. More than 13 million people in all. The universal payment slowly turned into an ordinary social benefit.

Both mechanisms say the same thing: what kills a universal programme is not behaviour but the budget and inflation.

08 Switzerland

The only country where the decision on a basic income was taken directly by the voters is Switzerland. On 5 June 2016 the idea went to a referendum.

76.9%

voted against. 23.1% were in favour. The idea lost in all twenty-six cantons without exception. Turnout was 47%.

The proposal was this: 2,500 francs a month for every adult and 625 for every child. At the time that was about half the average wage.

One detail here matters especially: those sums appeared nowhere in the constitutional text. The ballot set out only a principle that the state should guarantee an unconditional basic income. The amount would be determined later by legislation. The 2,500 francs was the initiators' illustrative figure. As a result the campaign was fought over a number that was written nowhere and that nobody could guarantee.

The initiative began in 2013 with more than 100,000 signatures. Its authors, the entrepreneur Daniel Häni and the artist Enno Schmidt, approached the campaign as spectacle. In Bern, outside the Federal Palace, they dumped eight million five-rappen coins, one for every resident. In Geneva they unfurled a poster of 8,115 square metres - a world record at the time carrying a single question: "What would you do if your income were taken care of?"

The Federal Council rejected the initiative in 2014. Going into the vote it was opposed by the government and by practically every party. On the government's estimate the scheme would have required about 25 billion francs a year in new money, even after redirecting existing social spending.

The most interesting thing of all is a survey carried out before the vote.

In January 2016 the research organisation DemoSCOPE asked 1,076 Swiss what they would do if they received a basic income. Two per cent said they would stop working altogether. A further 8% said they would be more likely to give up work than not. But when the same people were asked what others would do, about a third answered that other people would stop working.

That gap - 2% about themselves and roughly 33% about everyone else - is the central psychological fact of this debate. People are not afraid of their own idleness; they are afraid of other people's. And that is the fear they vote on.

In the same survey 67% said a basic income would free people from existential fear; 54% said they would go on studying; 53% said they would give more time to their families.

So the Swiss liked the idea. They still did not vote for it.

A second attempt began in 2021, this time specifying the sources of funding. Of the 100,000 signatures required the initiative gathered about 65,000, and in January 2023 it was abandoned altogether. This happened in a

country where direct democracy genuinely works and where hundreds of far less prominent initiatives clear that threshold without difficulty.

Switzerland is not the only place where the idea has failed its political test. In Ontario, Canada, a three-year study launched in 2017 was cancelled by an incoming government a year later - at a point when no results yet existed. In the United States five states have banned local guaranteed income programmes by law. In Harris County, Texas, a programme that drew more than 59,000 household applications in its first week was halted by the state Supreme Court, and not a single payment was ever made.

The Texas court's reasoning deserves attention in its own right: the programme was constitutionally doubtful because "there will be no public control over the funds after they are disbursed." The court expressly distinguished food stamps and housing vouchers, which restrict how the money is spent. In other words, the very unconditionality that defines a basic income is what brought it down.

All of this has a single structural explanation. The critique from the left says a basic income is too small and would swallow better-targeted programmes. The critique from the right says it is too expensive and insufficiently targeted. These are, in effect, the same objection made from opposite ends - which is why no durable political coalition for it has ever formed anywhere.

09 What a Basic Income Costs

All these experiments sidestep one question: who pays?

In 2017 the Organisation for Economic Co-operation and Development did that calculation directly. It put the question this way: if we take the money now spent on social benefits and hand it out equally to everyone, what comes out?

The answer: in Britain such a payment would be £230 a month - and even that would require a 25% increase in income tax. In Finland it would be €527, in France €456, and in Italy just €158.

That is not the main point. The main result is something else.

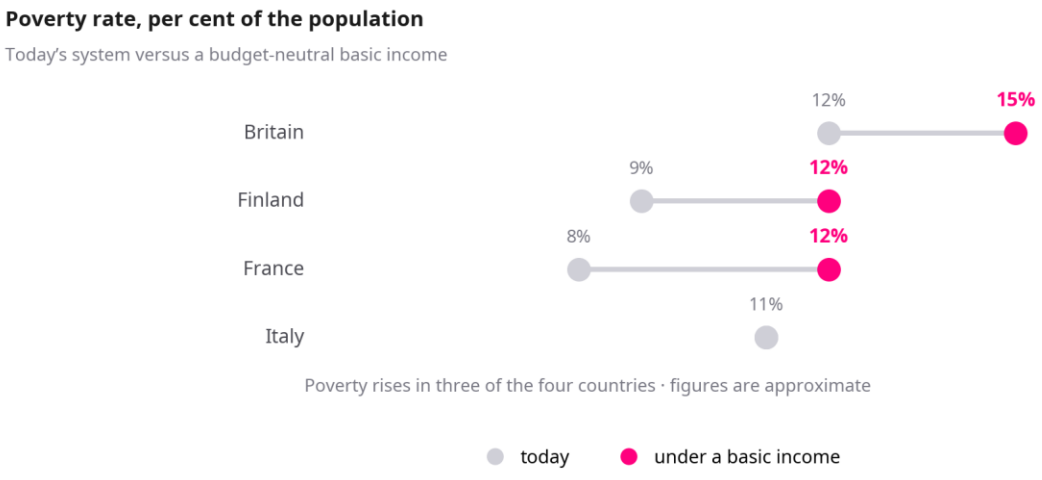

Figure 5. Poverty rates today and under a budget-neutral basic income. OECD, 2017.

In three of the four countries poverty would rise rather than fall. In Britain from 12% to 15%, in Finland from 9% to 12%, in France from 8% to 12%. In all three, more households would fall into poverty than would climb out of it.

The mechanism is simple and unwelcome: spreading a fixed budget as evenly as possible means taking money away from the people it is currently targeted at. The OECD's own conclusion is that a budget-neutral basic income "would not prove to be an effective tool for reducing poverty."

The International Monetary Fund calculated the same year that a basic income set at a quarter of median income would cost developed countries 6-7% of gross domestic product, and it advised against it for them.

The American figure is starker still. A thousand dollars a month for every adult comes to roughly $3.1 trillion a year - close to everything the federal budget takes in taxes. And $5,000 a year would swallow the entire federal budget outside pensions, healthcare and defence. Even then, that sum would not reach the poverty line for a family of four.

Britain's Institute for Fiscal Studies summarised the same arithmetic in 2025: about £400 a month for every working-age adult would cost more than £200 billion a year - more than the entire National Health Service.

The shortest formulation of all this belongs to the economist Daron Acemoglu, who won the Nobel Prize in 2024: "UBI is expensive and not generous enough."

This is not an isolated opinion. The University of Chicago asked 41 leading economists whether a $13,000 basic income would be better than the existing system. Strongly agreed: none. Agreed: one. Of the 32 who took a position at all, 25 disagreed.

In fairness, the question was framed so that the basic income would replace pensions and health insurance. That is an argument against replacement, not against any basic income at all.

10 Conclusions

First. Almost no "basic income pilot" has been a basic income. Universality, unconditionality and permanence - all three together have almost never been tested. Any claim that carries pilot results straight across to national policy therefore goes further than the data allow.

Second. The answer to "does unconditional money reduce work" depends on the size of the study. Small studies say no; large ones say yes, moderately. The largest and only rigorously peer-reviewed study finds labour force participation down by 4.2 percentage points. That is not a catastrophe, but neither is it zero.

Third. The form the money takes matters as much as the amount. In Kenya a single payment did more for business creation than the same total in monthly instalments; monthly payments, on the other hand, worked better for mental health. The same money needs a different shape for different jobs.

Fourth. The fear that unconditional money will simply raise prices is not borne out by the data. In Kenya, where the inflow exceeded 15% of the local economy, prices rose by 0.1%, and every dollar turned into roughly $2.50 of activity.

Fifth. The binding constraint is not behavioural but arithmetical. A basic income you could live on cannot be financed out of existing budgets; one that fits the budget is far too small to live on. On the OECD's calculation, the budget-neutral version raises poverty rather than reducing it in three countries out of four.

Sixth. Where a universal payment genuinely exists, the main threat is not its effects but its durability. In Alaska the dividend has been below its statutory level for ten years and was cut in 2026 even with the oil price high. In Iran, inflation and gradual exclusion turned a universal payment into an ordinary social benefit within fifteen years.

And finally. Every permanent universal payment in the world - Alaska, Macau, the Cherokee community - is financed from oil, gambling or mining rents. Not one of them is paid for out of taxes. Which means the most important question of all - what happens when people are taxed to fund the same money - has not been measured anywhere yet.

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This analysis was prepared by the academic team of the Business and Technology University (BTU) together with BTUAI. It draws on publicly available industry reports and research and is analytical in nature.

Citation: Business and Technology University (BTU) & BTUAI. (2026). Basic Income — What We Actually Know. Tbilisi, Georgia.