Jukka S. Rannila **OPINION** 1 (3)

www.jukkarannila.fi

13 September 2021

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TO: Scottish Government

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Opinion text was added to the following web page:

https://www.ideas.gov.scot/minimum-income-guarantee-share-your-views/

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1. The Finnish context

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Previous Government of Finland (prime minister Juha Sipilä) organised the basic income experiment. The Finnish basic income experiment could be evaluated in Scotland. The web page of the basic income experiment is following:

https://www.kela.fi/web/en/basic-income-experiment

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2. Too few experiment groups for the Finnish basic income experiment

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Problem with the Finnish basic income experiment is/was just one experiment group. There should have been several experiment groups (e.g. 5 experiment groups).

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3. Several experiment groups in Scotland

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I propose that Minimum Income Guarantee (MIG) models in Scotland should be tested with several experiment groups (e.g. 5 experiment groups). Testing just one group is not enough. There can be different models for Minimum Income Guarantee (MIG).

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4. Viewpoint of human beings / Simple machines or complex entities?

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One of the main issues is the viewpoint of human beings. Are humans just simple machines which can be guided with simple basic laws? Are humans complex entities which can not be guided with simple basic laws? I note that humans are not simple machines and therefore Minimum Income Guarantee (MIG) models should be assessed based on several viewpoints.

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5. Rational humans or irrational humans?

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When assessing different policy proposals (e.g. Minimum Income Guarantee (MIG)) we should note that humans don't behave rationally on all possible situations. There can be some irrationalities with human behaviour. I have called this "rationality assumption". From external viewpoint we can assume some behaviour which is rational. Unfortunately there can be different internal irrationalities which should be assessed carefully. Therefore it is very important to organise tests for several experiment groups. When testing several groups it should be easier to assess different irrationalities of different models.

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6. Viewpoint of laziness or activeness / Viewpoint of humans (more about that)

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- Some commentators may say that people are lazy and different governmental subsidies means more inactivity and laziness. I propose viewpoint that people are not lazy and different governmental
- 48 subsidies can mean support for human activeness. Generally speaking people don't like being
- 49 hindered by different governmental subsidies which can mean organising different governmental
- 50 subsidies in new and creative ways like Minimum Income Guarantee (MIG) or Universal Basic
- 51 Income (UBI).

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7. An example: governmental subsidies based on unemployment

Here we can not that unemployment benefit is sometimes quite rigid system since in some situations working can mean problems unemployment benefits. Minimum Income Guarantee (MIG) could mean that in many cases it could be beneficial to work without problems with unemployment benefits.

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8. Reducing bureaucracy

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One main issue is bureaucracy with different governmental subsidies since there can be several different, conflicting and complex regulations. At least in Finland there can be very bureaucratic situations with different governmental subsidies. There has been political discussion for several years about reducing bureaucracy with different governmental subsidies without actual success.

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9. Entrepreneurs and small-scale business?

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One issue for assessing Minimum Income Guarantee (MIG) is small-scale business and entrepreneurship. As we all know there is the situation of death valley curve when establishing new business. This means that in death valley situation there is not enough actual revenue and actual earnings for a new business. Minimum Income Guarantee (MIG) can mean that death valley situation is not the main issue when establishing new business. It can be also noted that many people actually dream often about their own business even though they are working somewhere as an employee. Minimum Income Guarantee (MIG) can mean that it could be possible to start smallscale business with less problems. One example is naturally subcontracting for a larger companies which can mean doing some additional work when a larger company has need for some additional work for a very short time-period. This means that a larger company may not need to employ temporary employees for a very short time-period which can mean some additional work for subcontractors. Minimum Income Guarantee (MIG) could mean some assurances that doing some additional work for a company doesn't mean several bureaucratic problems with basic income. Naturally there can be some regulations for having fair cooperation between main contractors and subcontractors. E.g. in Finland there has been some problems with payments for subcontractors and this may mean some new law proposals to Finnish legislation for payments between companies.

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10. Summary

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Minimum Income Guarantee (MIG) models should be tested carefully in Scotland. Without tests it is harder to assess need for new legislation. After careful testing of different Minimum Income Guarantee (MIG) models there could be good proposals to Scottish legislation.

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ANNEX 1

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