



## What does early data tell us about how recipients of universal basic income spend their money?

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Early insights from a groundbreaking test of universal basic income, which the nonprofit organization GiveDirectly is conducting in Kenya, might offer answers to some of the key questions about how this policy could work.

Many of the criticisms of UBI — where money is distributed universally in a community, with no strings attached as to how it is spent — revolve around concerns that recipients will waste the money away, or will not use their time or cash productively. A recent story on the GiveDirectly project in the New York Times was titled “The Future of Not Working,” even though the reporter describes how recipients made entrepreneurial investments.

Last week, GiveDirectly released infographics related to the open source data it has gathered from its basic income pilot, which involves every adult in a rural village in Western Kenya receiving roughly \$22 a month for 12 years, starting in October 2016.

GiveDirectly co-founder Paul Niehaus speaks with Devex about why his organization is bringing evidence to the debate over universal basic income and what they are learning from a pilot in Western Kenya.

The team emphasizes that the visualizations are based on a small sample size of self-selected survey responses — amounting to about two-thirds of the adults involved in the trial — and do not represent anything close to the rigor of a randomized control trial, which is what the 12-year experiment will ultimately produce. But the infographics do provide a more accessible look at information that might otherwise live in spreadsheets, such as these raw responses to the first phone survey for the pilot, and might provide the beginnings of an answer to some of the questions surrounding UBI.

The data suggests that recipients are investing the cash in areas such as nutrition — the most popular response — as well as medicine, business or home development, while 38 percent said they are putting at least some of it into savings. GiveDirectly asked respondents if the first month’s basic income payment was the largest amount of money they had ever had, to which 45 percent replied yes and 55 percent replied no.

A visualization of survey responses about spending from GiveDirectly’s UBI pilot in Western Kenya.

Some 97 percent of respondents said they believed the payments from GiveDirectly would continue for 12 years, indicating a high level of trust in those payments, with only 6 percent of respondents saying they did not believe they would continue.

Over the next 12 years, the GiveDirectly basic income experiment will reach 200 villages and over 26,000 people. This pilot village of 120 adults represented in the infographics will not be part of that study, as it was selected to test the operational model.

The real randomized control trial data from the experiment will take time — perhaps a year and a half or longer for the first results — the GiveDirectly team told Devex. They will start baseline surveys over the summer, with enrollment this fall. After that, it will be months until they can start to see the full impact of the transfers.

“Universal basic income has been called radical. It’s been called crazy. But it’s a strikingly simple and almost obvious idea, which is that if we provide everybody sufficient income or capital to meet their basic needs, they’ll be better off,” Michael Faye, co-founder of GiveDirectly, told Devex onstage during a panel on UBI at South by Southwest in Austin, Texas.

“Basic Income: Can Giving Away Free Money Save Us?”: Devex moderates a session with Michael Faye of GiveDirectly and Michael Tanner of the CATO Institute at South by Southwest 2017.

It’s almost self-evident, Faye said, but there is not yet an evidence base behind a debate that tends to garner immediately negative reactions, such as arguments about the need to give hand-ups, not handouts.

“A lot of those are based on an assumption that the poor are either too lazy or too ignorant to make choices for themselves and we now have study after study that [show] that’s just not the case,” he said. “When given the choice, when given the capital to make their own choices, they actually do a much better job than a lot of the social programs we’re running today.”