Secure and Disseminate Things for Poor

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ABSTRACT

This investigate looks at the impact of gift collection strategies on the sums of gift, centering on gifts for the cause and overhead. This inquire about looks at the impacts of the three gift collection strategies (allotment, cause first expansion, and overhead first expansion) that shift in terms of the strategy through which the gift sum is chosen. The comes about of three observational considers demonstrate that the gift collection strategy influences the sums given for the cause and overhead, in expansion to the entire gift sum. Ponder 1 appears that benefactors tend to give more for the cause when the collection strategy inquires them toad an additional sum for overhead to the sum given for the cause (i.e., cause first expansion) than when the collection strategy inquires benefactors to distribute their total donation sums to the cause and overhead (i.e., assignment), which too influences the total gift sum. Considers 2 and 3 test the impacts of the gift collection order by comparing between the cause first and the overhead first addition methods. Comes about appear that benefactors tend to give more to the cause and overhead when the gift sum for overhead is inquired to begin with (i.e., overhead first) than when the gift sum for the cause is inquired to begin with (i.e., cause first). Moreover, in all three studies, donors' fulfilment with the gift isn't influenced by the collection strategies.

Keywords: Choice architecture, Donation, Nudging, Overhead.

1 Introduction

Do we really need to know what would happen if the extreme poor were given a basic income? One could argue we do not. One of the central goals of development economics has been to understand how to raise the incomes of people who are poor. A sustainable program for universal basic income (henceforth UBI) does that by definition. Asking whether the effects are "good" or"bad" amounts to asking whether we should be trying to raise the incomes of the poor in the first place. The reality, however, is that much of the spending on development is on issues like nutrition,health and education which may or may not be the priorities of the people it aims to help. This
is partly because many of the taxpayers in both rich and poor countries who ultimately pay for these programs, as well as many of those who implement them, worry that if they simply gave away money the recipients would use it in ways they do not like. Most pessimistically, they might become dependent on the transfers, or waste them on alcohol, revelries or other frivolous needs. Pragmatically, then, the case for or against UBI must include the evidence on how the money would be spent.Of course, even if you accept raising incomes as a goal and that a basic income tautologically achieves it, you need not support UBI. There could be other ways of raising incomes that are more cost-effective – that is, better ways to get people a dollar than simply giving them a dollar. Some people may be unable to pursue income-generating opportunities because of a missing market for credit or insurance, or because of the psychological burdens of poverty itself. UBI may be more or less effective than alternatives at

relaxing these constraints to growth. On a grander scale, largescale infrastructure investment of the type popular in the early days of development could be a more effective way to raise incomes. And even if basic income is the best solution for some people, it is not obvious that it is universally best. A targeted basic income could be a better use of scarce resources. This in turn depends on the effectiveness of targeting.

This paper, then, examines what we know and what we do not about these three issues. We do not take on a fourth question, which is whether it would make sense to replace many of the existing major siloes of government development spending – nutrition, healthcare and education, for example – by a single transfer, allowing people to buy these on the market. This is mainly because while some developing countries like India and Pakistan have a large private sector in health and education, in many other countries this is not currently an option. As a result, while we know that in some countries the private sector actually provides quality comparable to the public sector at a lower cost, this may not be true elsewhere. We thus consider UBI as an incremental anti-poverty intervention. To anticipate what people would do with incremental income and whether this would align with the goals of policy-makers and taxpayers, we draw on the large body of high-quality evidence on the impact of cash transfers in developing countries. The evidence from these studies has been very positive, with little evidence of the negative outcomes mentioned above and positive effects on We focus throughout on the effects of UBI on those who receive them. Of course, any policy proposal to implement UBI (or any other intervention, for that matter) must also specify from where the money will come. The net impact of the policy is then the sum of effects on net recipients and net payers. But because the options for funding a UBI are so varied – one could raise revenue from any number of incremental taxes, cut spending from any number of existing programs, or run larger deficits, for example – there is no simple answer to the "costs" of a UBI policy. It would all depend on the details. Specific proposals will need to be evaluated drawing on what we know about specific costs (e.g. the effects of a higher income tax). Ghatak and Maniquet (TBD) in this volume provide further discussion of these issues. We also focus exclusively on developing countries; separately in this volume, Hoynes and Roth

2 Would a basic income do what funders want?

In the developing world, large-scale basic income schemes could plausibly be financed from (some combination of) repurposed foreign aid, repurposed domestic tax revenue, or new tax revenue – though they would place serious demands on any of these sources. Consider the set of low-income countries (LICs) as categorized by the World Bank. From 2012-2016, the median amount of PPPadjusted per capita Official Development Assistance received was $77 and the 90th percentile was $210.2 In comparison, median and 90th percentile PPP-adjusted tax revenue in 2016 were $286 and $464, respectively.3 If we include both low- and lower-middle-income countries, these figures become $616 and $1,522, respectively. Clearly, funding anything close to a UBI would require a substantial share of available resources. Some countries undoubtedly have scope to raise additional revenue, but in general low-income countries raise substantially less revenue as a share of GDP than wealthier ones, likely because their capacity to do so is limited (Gordon and Li, 2009). A decision to fund a UBI from any of these sources would involve complex processes with many\ stakeholders. Beliefs about the impacts of a UBI would likely play an important role. Technocrats might need to be convinced to hand over money to the poor that they otherwise could have used to design and implement projects in their own areas of expertise and motivation - projects designed to achieve narrower goals for health, education, nutrition, and so on. Taxpaying voters would need to be convinced to support "handouts" despite commonly held concerns that they would reduce recipients' own initiative, or trigger self-harmful behaviors such as drinking or drug use.

2.1 What we know Strictly speaking,

there is very little evidence on the effects of UBI in developing countries. We are aware of only three schemes that can truly claim to be UBI in a developing country: one for two years in nine villages in the Indian state of Madhya Pradesh, one in two villages in Namibia, and Iran's nation-wide cash transfer introduced in 2011 to offset the withdrawal of food and fuel subsidies. None of these has been experimentally evaluated. All existing experimental evaluations study transfers that were different from UBI in some potentially consequential way. We emphasize two dimensions in particular. Existing transfers have not been universal but rather targeted, both to subsets of households (through means testing, ordeals, conditions, etc.) and to specific adults within those households (often the female head). Second, existing transfers typically last for relatively short time periods, as opposed to the long-term commitment envisioned by UBI advocates. Both these differences could lead to important differences in impacts. These questions remain open; an experiment being conducted by the NGO GiveDirectly in Kenya, which we are currently evaluating, will be the first to our knowledge to examine the effects of transfers given to all adults within selected communities and over more than a decade. That said, there is a lot of useful information to be garnered from analyses of existing cash transfer programs in developing countries. With the most current available data as of 2018, the World Bank identified 552M people living in the developing world who receive some form of cash transfer from their government (authors calculations using Ivaschenko et al. (2018)). While none of these schemes were (to our knowledge) labelled as UBI, they all shared the common and crucial feature that recipients were given the freedom to do what they want with their money. Many transfers (particularly in South and Central America) were paid out conditional on certain conditions being met, but many others (particularly in Africa) were not (Ivaschenko et al., 2018). And in some cases - pensions, for example - these transfers have a structure (size, frequency, and duration) quite similar to UBI payments, though they are not universal. What have we learned from the evaluation of these schemes? We do not attempt a full synthesis, as the literature is vast and others have recently reviewed it (e.g. Bastagli et al. (2016)). Rather, we highlight two basic themes that bear on the policy discussion of UBI. First, evaluations generally have not found the negative impacts that many feared. Reviewing evidence on "temptation goods," Evans and Popova (2017) find that transfers had on average reduced expenditure on temptation goods by 0.18 standard deviations.

2.2 What we do not know

None of the existing studies has experimentally evaluated a long-lasting UBI. The impacts of such a UBI could be different in (at least) three important ways from the impacts of existing cash transfer schemes.

2.2.1 The importance of being universal

First, universality could matter. The coverage of typical programs today is far from 100%, so that a nationally universal basic income or even that was universal within poor regions of a country would be a substantial departure from the status quo. We calculate that the average country in the World Bank's ASPIRE database of low- and middle-income countries covered 11% of its population with some form of cash transfer (Ivaschenko et al., 2018).6 In Kenya specifically, where our evaluation is set, just 5.3% of all citizens were participating in government-funded cash transfer schemes as of 2016, despite the fact that Kenya is a regional leader in the use of cash-based social safety net programming with its National Safety Net Program.7 Mechanically, broader coverage could change the average impact of cash transfers by changing the identity of the average recipient. Generally speaking, existing programs have tended to target the poor or vulnerable - widows, the elderly, low-income parents, and so on. The average recipient of a UBI would thus tend to be less poor and less vulnerable than the recipients of existing programs. To forecast how exactly this would affect program impacts, we could potentially adjust existing analyses by re-weighting each observation by an estimate of each household's (inverse) propensity to be treated, in an effort to give equal weight to impacts on all sorts of people.

3 Constraints on the poor

The current trend in economics is to try to connect all interventions to some narrative about growth even when it is obvious that it is a stretch. This is unfortunate, both because it blinds us to other priorities and other narratives that may be more compelling and also because, for the most part, we know very little about how to make growth happen. That said, we will argue in this section, there are good reasons why UBI may actually have something important to contribute to the growth process in poor countries. The reason has to do with the varied constraints that poor people face. Some cannot save or borrow the capital needed to finance a productive investment, an education for a child, etc. Some face risks for which there is no functional insurance market. Some grapple with psychological constraints – lowered aspirations, or the taxing effects of scarcity. We see this variation reflected in the program evaluation data, where the same intervention often seems to "work" for some and not for others. UBI is unlikely to be the most cost-effective way to alleviate any one of the underlying constraints on investment. But we currently know little about which constraints bind for whom, or how in practice to target interventions to the specific people who need them. This is what makes UBI, which does not try to step on any specific lever, interesting as a pro-growth policy. Add to this that the "costs" of UBI are relatively low, in the sense that the fiscal outlay largely goes towards progressive transfers which have intrinsic value, unlike the costs of many targeted interventions (e.g. training) which represent a pure opportunity cost and are wasted if the intervention is given 8 to the wrong person. Finally, one can think of UBI as a point of departure from which recipients could tailor benefits to their specific needs – opting to receive several transfers in a single tranche, for example, if saving is their personal challenge.

3.2 Constrained by lack of insurance?

For some, lack of insurance markets may be a binding constraint. Entrepreneurs may shy away from investing borrowed or owned capital because they want to avoid exposing themselves to business risk. Evidence that uninsured risks distort investment and production is mixed. A long line of papers use observational data to investigate this (e.g. Morduch (1990), Rosenzweig and Wolpin (1993). Cole and Xiong (2017) has an excellent recent review of this evidence in the context of agriculture. However, these observational studies suffer two potential issues. First, the presence of risk generates a whole range of institutional adjustments within the villages Townsend (1995) and even across villages Rosenzweig and Stark (1989). What we observe in the data therefore is the residual effect of the risk after many of these adjustments, which may miss a large part of the true cost of risk.

4 To target or not

A central question about UBI is whether universality is in fact efficient. For any given budget, is it better to spread those resources evenly or to give larger amounts to the poorest? Of course, fixing a budget implicitly sidesteps the (thorny) question of the cost and benefits of changing that budget via changes in tax policy, cuts to other programs, larger deficits, etc. Hanna and Olken (2018) as well as Ghatak and Maniquet (TBD) in this issue provide useful related review and analysis of some of these issues. We also largely abstract from the details of targeting. There has been a large literature on different approaches and their effectiveness, ranging from by far the most common, a proxy means test (PMT),16 to community targeting17 to self-selection.18 A detailed discussion of the relative merits of these approaches is beyond the scope of this paper; Ravallion (2016) and Hanna and Olken (2018) provide excellent reviews. We suspect that universality has several under-appreciated benefits, and targeting several underappreciated limitations. We review three main issues. First, even in a state with strong capacity to target transfers to households with certain characteristics, it is not clear whether doing so increases their overall impact. Work quantifying the relationship between impacts and targeted characteristics is limited, as is work on the potential disincentive effects of targeting. It is also unclear how effectively targeting poor households succeeds in targeting poor people, taking into count the unequal distribution of resources within households and redistribution of resources across them.

5 Conclusion:

basic income research in political context In reviewing the issues, we have identified some that are well-understood and others that are not. As researchers our instinct is of course to fill the gaps. But experiences from earlier basic income pilots also remind us that the ultimate value of any further research will depend on how it interacts with politics. To our knowledge, the first significant pilot of universal basic income in a developing country was 21 conducted in the Otjivero-Omitara area of Namibia between January 2008 and December 2009. All residents younger than 60 and registered as living in the area as of July 2007 received monthly, unconditional transfers. A before-and-after analysis by program advocates suggested that rates of poverty and child malnutrition fell while rates of income-generating activity and children's school attendance rose, among other positive changes, in spite of significant in-migration (Haarmann et al., 2009). This pilot helped bring the idea of a basic income grant to national prominence. Hage Geingob, the first donor to the pilot project, successfully ran for president in 2015. He created the Ministry for Poverty Eradication and Social Welfare and appointed Bishop Zephania Kameeta, the former Chairperson of Namibia's BIG Coalition, to head it.20 But basic income now seems to be dying a quiet death behind the scenes, superceded by a quasi-public food bank initiative. Conservative voices within the ruling coalition have not altered their stance that giving people money would risk making them lazy. With hindsight, some activists have come to view Kameeta's inclusion in the government as a cynical move to co-opt the basic income movement rather than a real commitment to implement its proposals.21 A second pilot was conducted between 2010 and 2011 in by the Self Employed Women's Association (SEWA), an Indian NGO, in the state of Madhya Pradesh. Over 6,000 individuals in 9 villages received small monthly transfers over the course of 18 months. Transfers were given to each individual in the selected villages, including smaller transfers for children. Researchers compared outcomes for these individuals to those in control villages which were chosen to be similar to the treatment villages, though not at random. They reported improvements in treated villages on a wide range of indicators, including financial inclusion, housing and sanitation, nutrition and diet, health, education, income and assets (Standing, 2013). The activists who conducted the study, however, had ties primarily to the left-leaning UPA government. That administration lost power in 2014 shortly after the results were released, sharply devaluing those networks. Little happened until Chief Economic Advisor Arvind Subramaniam made basic income the topic of a full chapter in his 2016-2017 Economic Survey, citing the experiences in Madhya Pradesh among others. Interest flagged again until early 2019, when the government of the state of Sikkim announced plans to implement a UBI and the opposition Congress party pledged to guarantee a minimum income for the poor (not universal) if returned to power. Whether either initiative comes to fruition remains to be seen. Limits to eligibility have proven particularly resilient. In Zambia from 2010 to 2013, for example, the government substantially broadened eligibility for its Social Cash Transfer scheme. It did not make them universal, but removed means-testing and enrolled all households with children under 5, orphans, or disabled members. A multi-year experimental evaluation found that the transfers not only reduced immediate poverty but also had substantial impacts on assets and earnings (?).These results contributed to increase the scheme's budget by a factor of 8. But they did not convince the government to broaden targeting; in fact, restrictions based on measures of poverty and incapacity to work were reintroduced (van Ufford et al., 2016).

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