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Effects of a Universal Basic Income during the pandemic*

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Abstract

We examine some effects of Universal Basic Income (UBI) during the COVID-19 pandemic using a large-scale experiment in rural Kenya. Transfers significantly improved well-being on common measures such as hunger, sickness and depression in spite of the pandemic, but with modest effect sizes. They may have had public health benefits, as they reduced hospital visits and decreased social (but not commercial) interactions that influence contagion rates. During the pandemic (and contemporaneous agricultural lean season) recipients lost the income gains from starting new non-agricultural enterprises that they had initially obtained, but also suffered smaller increases in hunger. This pattern is consistent with the idea that UBI induced recipients to take on more income risk in part by mitigating the most harmful consequences of adverse shocks.

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