

Problems with Pilot Projects:

A Summary of A Critical Analysis of Basic Income

Experiments

Karl Widerquist
Georgetown University-Qatar
Karl@Widerquist.com

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Abstract

This paper is a summary of my 2019 book, *A Critical Analysis of Basic Income Experiments for Researchers, Policymakers, and Citizens*, which argues that there are significant, inherent problems both with testing Basic Income on an experimental level and with communicating the results to nonspecialists. These issues include community effects, long term effects, and the streetlight effect. They have caused significant problems of misunderstanding and spin in the past. Researchers and anyone else commissioning and designing experiments will have to stress the limits of what experiments can do to help head off these problems in the future.

Basic Income trials, pilot projects, tests, field experiments, or whatever you want to call them can only produce limited information. Although that information is often valuable, it is incapable of answering the big questions that citizens and policymakers are most interested in. The limits of Basic Income experiments would not be a problem if everyone understood them, but the limits are very poorly understood by many citizens, policymakers, journalists, and to some extent researchers who are involved in or interested in Basic Income.

For example, *MIT Technology Review*, wrote in December 2016, “In 2017, We Will Find Out If a Basic Income Makes Sense.”¹ This comment is indicative of the overblown expectations that many journalists, citizens, and policymakers have about what Basic Income experiments can do.² No social science experiment of any kind can determine whether a policy “makes sense.”

Policy discussion, policy research, and policymaking involve diverse groups of people with widely differing backgrounds: citizens, journalists, academics, elected officials, and appointed public servants (call these last two “policymakers”). Although some people fit into more than one group, people in the dialogue don't have enough shared background knowledge to achieve mutual understanding of what research implies about policy. Researchers often do not understand what citizens and policymakers expect from research while citizens and policymakers often do not

understand the inherent difficulties of policy research or the difference between what research shows and what they want to know.

The previous chapter helpfully distinguishes between Basic Income and Guaranteed Income experiments. As this is a Handbook about Basic Income, this chapter refers to Basic Income experiments, but everything in it would be equally relevant to Guaranteed Income trials.³

Specialists usually include a list of caveats covering the limitations of their research, but caveats are incapable of doing the work researchers often rely on them to do. A dense, dull, and lengthy list of caveats cannot provide nonspecialists with a firm grasp of what research does and does not imply about the policy at issue. Therefore, even the best scientific policy research can leave nonspecialists with an oversimplified, or simply wrong, impression of its implications for policy. People who do not understand the limits of experiments also cannot understand the value that experiments do have.

Better written, longer, or clearer caveats won't solve the problem. The inherent limitations of social science experimentation call for a different approach to bridge the gap in understanding.

My 2019 book, *A Critical Analysis of Basic Income Experiments for Researchers, Policymakers, and Citizens*, considers how these sorts of problems might affect future Basic Income experiments and suggests ways to minimize them.⁴ This chapter summarizes the arguments and recommendations of that book.

Citizens and policymakers considering introducing Basic Income understandably want answers to the big questions, such as whether Basic Income works as intended, whether it's cost-effective, and whether we should introduce it on a national level. The gap between what an experiment can show and the answers to these big questions is enormous. Within one field, specialist can often achieve mutual understanding of this gap with no more than a simple list of caveats, many of which can go without saying. Across different fields mutual understanding quickly gets more difficult, and it becomes extremely difficult between groups as diverse as the people involved in the Basic Income debate.

The process that brought about the experiments in most countries is not likely to produce research focused on bridging that gap in understanding. The demand for the current round of experiments seems to be driven more by the desire to have a Basic Income experiment than by the desire to learn anything specific about Basic Income from an experiment. An unfocused demand for a test puts researchers in position to learn whatever an experiment can show whether or not it is closely connected to what citizens and policymakers most want to know.

Most researchers who conduct experiments will look for evidence that makes a positive and useful contribution to the body of knowledge about Basic Income. But the effort to translate that contribution into a better public understanding of the body of evidence about Basic Income is far more difficult than often recognized. This communication problem badly affected many past experiments and is in danger of happening again.

As the headline from *MIT Review* illustrates, nonspecialists tend to view social science experiments as if they were school tests: designed to determine whether the subject passes or fails. If researchers present their findings in the normal way for social scientists, they present something fundamentally different from what citizens and policymakers are looking for and possibly expecting.

In research reports, caveats typically focus, not on the connection between experimental findings and the things people most want to know, but on trying to help

people understand research on its own terms. What is a randomized trial? How many subjects were in each group? What were the differences in observed behavior between them? But they seldom explain the gap between that info and the big questions or discuss how much or how little the findings imply about those big questions.

Of course, nonspecialists know there are some caveats about the reliability of the experiment, but if they overlook or misunderstand that one big caveat, they will nevertheless believe that reported results provide the researchers' best estimate of whether "Basic Income Makes Sense,"⁵ and they will tend to look for that answer in any report on the study. If so, they are likely to overestimate the political implications of the information that experiments find, providing a great opportunity for spin and sensationalism by people willing to seize on small findings that sound positive or negative as proof that the program has been certified a success or a failure. Some of my previous work has argued that earlier Basic Income-related experiments have been misunderstood and misused in these ways.⁶ The discussion here is about the difficult task of attempting minimize those problems.

The inherent difficulties of Basic Income experiments are not limited to understanding the science involved, ethical and moral issues complicate the problem further. Moral values affect people's assessment of scientific findings. If a policy is sustainable, achieves some goal, and has some side effects, reasonable people can disagree whether the evidence indicates the policy works and should be introduced or whether it fails and should be rejected. This problem greatly affects the Basic Income discussion because supporters and opponents tend to take very different moral positions.

Many people, including many specialists, are less than fully aware of the extent to which their beliefs on policy issues are driven by empirical evidence about a policy's effects or by controversial moral evaluation of those effects, and not everyone is self-aware or intellectually honest about their ethical position effects their use of data to make policy judgments. Some will try to spin the results by portraying a moralized interpretation as objective reality.⁷

Into this ethical morass falls the dense and difficult research report of an experiment's findings with an often tedious and easily ignorable list of caveats about the research's limitations and usually a complete absence of discussion about the moral judgments needed to evaluate the study's implications for policy. Under such circumstances, social science experiments easily fall victim to misunderstanding, spin, sensationalism, and oversimplification.

These problems are only to be expected. It's easier to understand an oversimplification than genuine complexity.

Solutions to these problems are difficult and imperfect, but we have to try to address them, if Basic Income experiments are going to achieve their goal, which I presume is (and should be) to enlighten public discussion by increasing public understanding of evidence about Basic Income. I don't think that this goal is controversial or new.

Some studies have a political agenda. There is nothing inherently wrong with using a study—even a small-scale, less-rigorous study—to promote a policy, as long as the evidence is presented honestly and aimed at improved understanding. And therefore, the need to keep the goal of enlightening discussion through good communication and an orientation toward the most important issues is as important to agenda-driven studies as it is to scientifically detached projects.

Some past researchers (either conducting or writing about experiments) have failed to appreciate how difficult it is to accomplish this goal. Basic Income

experiments cannot successfully enlighten public discussion merely by trying to get nonspecialists to understand experimental findings on their own terms.

What do we do instead?

Researchers should present experimental findings not as a stand-alone piece of information but as a small part of a larger effort to use all available evidence to answer the big questions about Basic Income and to explain the extent to which the big questions remain unanswered. Researchers have to attempt to find the information that will be of most value to the public discussion, and someone—not necessarily the researchers conducting the study—has to attempt the difficult task of communicating those results in a way that people involved in the public discussion will understand. The difficulty of these tasks is most of what the book, *A Critical Analysis*, is about.⁸

With the experiments' goal of enlightening public discussion and the inherent limitations of experimental techniques in mind, this book asks two distinct but closely related questions: 1. How do you do a good experiment given the difficulties involved? 2. How can citizens, policymakers, researchers, journalists, and others interested in Basic Income and Basic Income experiments communicate in ways that lead to better public understanding of the experiments' implications for the public discussion of Basic Income?

I am less interested in the question of whether we should have experiments, taking it for granted that they are happening. The question now is how to make the best of them. Researchers conducting experiments cannot resolve all these communication issues on their own. Everyone involved in the Basic Income discussion should be concerned with clearly communicating inherent limits of Basic Income experiments.

My central recommendation—to treat experiments as a small part of the effort to evaluate Basic Income as a policy proposal—does not mean that experiments must be conducted in conjunction with other research efforts. It means that researchers (and anyone else attempting to communicate the results of experiments) have to emphasize how small experiments' contribution is to the overall effort to evaluate Basic Income as a policy. In addition to many more specific suggestions, the book stresses four broad strategies to help experiments enlighten the discussion of Basic Income.

1. **Work back and forth from the public discussion to the experiment.** Anyone commissioning, conducting, or writing about experiments should respect the national or regional discussion of Basic Income. Find out what they can about what people most want to know. Design a study oriented as much as possible toward the questions that are important to the local discussion with careful attention to the extent to which experiments can and cannot contribute to our understanding of those issues. All reports about experimental findings should relate the information to the big questions that are important to the local discussion. This strategy involves bringing in nonexperimental data and calling attention to the remaining, unanswered questions. This strategy relatively deemphasizes the results the experiment just found, but it is necessary to help people appreciate the contribution an experiment can make.⁹
2. **Focus on the effects rather than the side effects.** Research projects have a way of focusing attention on the things they can measure at the expense of more difficult questions that might be more important to the policy issue at hand. For example, past experiments have often focused on quantifiable side-effects, such as labor effort and cost at the expense of more important but less quantifiable issues, such as whether Basic Income has the positive effects on people's wellbeing supporters predict.¹⁰

3. **Focus on the bottom line.** Although the public discussion varies enormously over time and place, the desire for an answer to the big questions is ubiquitous, and so I suggest focusing on what I call the bottom line: an overall evaluation of Basic Income as a long-term, national policy.¹¹ Experiments alone cannot provide enough evidence to answer a bottom-line question, but researchers can relate all of their findings to it. Virtually all Basic Income research has some relevance to the bottom line, but citizens and policymakers often need a great deal of help understanding that relevance meaningfully. Even the best journalists are not always able to provide that help.¹²
4. **Address the ethical controversy.** Researchers cannot resolve the controversy over the ethical evaluation of Basic Income, nor should they try. But they do the public a disservice by ignoring it. They can better head off spin by recognizing the controversy and explaining what the findings mean to people who hold different ethical positions that are common locally and perhaps internationally as well.¹³ A good strategy is to explain *how* people with different ethical beliefs are likely to try to spin the results, and show what kinds of spin involve embedded controversial ethical interpretations and what kinds of spin involve inaccurate or false empirical inferences from the data reported in the study.

I wish I could say these strategies fully resolve the problems, but that isn't possible. A social science experiment is a very limited tool, and its implications are inherently difficult to understand. The effort to treat experiments as a small and incomplete part of a wider effort to answer all the important empirical issues about Basic Income will help, but it won't eliminate misunderstanding.

There will always be gaps in understanding between the people involved in the discussion of such a complex issue and such complex evidence. But experimentation and communication can always be improved.

The book discusses several important problems with Basic Income experiments and how they have affected past and ongoing experiments.¹⁴ I'll focus on only three particularly important problems here: long-term effects, community effects, and the streetlight effect.

Any experiment is extremely short-term compared to the lifetime nature of an actual Basic Income. Experiments directly observe only the initial steps in that long, complex chain of reactions that determine long-term effects.

"Community effects" play out through interactions of people in society and in the market rather than merely through one individual. A Basic Income experiment can examine the effect on an individual child of going to school for three years when her family is temporarily free from poverty, but they cannot measure the effect on a child of going to school in a city where no child has ever known poverty. One of the most important things we would like to know about Basic Income is its effect on wages and working conditions. But because this outcome depends on complex, long-term interactions of workers and firms across an entire nation, individualized experiments can say nothing about it at all. "Saturation studies," which give a Basic Income to a concentrated community of a few hundred or even a few thousand people can say very little about it. Additionally, any Basic Income is likely to be accompanied by higher taxes on corporations and wealthy individuals. Those taxes and the interactions between a nation in which all workers have Basic Income and all wealthy people have a higher net-tax burden are completely unobservable in an experiment.¹⁵

The “streetlight effect” is the problem that research draws attention to things that are easy to measure and, therefore, distracts attention from issues that are harder to measure with available techniques even if they are far more important. This problem is central to the discussion of Basic Income experiments because trials measure such a small sliver of what we might want to know about Basic Income. The political discussion of results of Basic Income and NIT experiments since the 1970s have focused on raw comparisons between the control and the experimental groups on the observable variables in experiments with very little discussion of how far these results are from predictions about the long-term community effects on those same variables about the many variables that are unobservable in an experiment.¹⁶

The streetlight effect is one of the main reasons Basic Income experiments are so vulnerable to spin. Because they “naturally” draw attention to raw comparisons between the experimental and control groups, either supporters or opponents can seize on findings they like and treat them not only as if they were perfectly representative of long-term market outcomes but also as if they were *the* definitive reason to accept or reject a policy.

For example, experiments often draw attention to the question of whether the experimental group worked as much as the control group, because that difference is so easy to observe. The results tend to fall into a pattern: if people with incomes considerably below the poverty line receive a small grant, they tend to work more hours. If people with fulltime or more-than-fulltime jobs and incomes near or above the poverty line receive a grant large enough to live on, they tend to work fewer hours over the course of a year.

Some Basic Income supporters have spun the findings from experiments with low grant levels as if they were proof that Basic Income does not cause a decline in hours worked. Some Basic Income opponents have spun the results from experiments with high grant levels as if they were proof that Basic Income saps people’s desire to work and therefore is a proven failure.¹⁷

Both of these forms of spin accept the moral position that the lower class is working the right number of hours right now—ignoring how many low-income people are working multiple jobs and have very little free time right now. Both ignore the likely market effects that can’t be replicated in an experiment. If workers work fewer hours, economic theory predicts that employers will respond with higher wages and better working conditions to encourage workers to partially reverse their initial decline in work hours, also reducing the net cost associated with Basic Income and the many costs associated with poverty.

Everyone involved in Basic Income experiments needs to try to communicate the results in a way that heads off these simplistic interpretations by emphasizing what the findings indicate about actual market outcomes rather than simply stating raw comparisons between the control and experimental groups and leaving it up to readers to guess what that might or might not imply about the actual long-term, market effects of Basic Income.

One way to do so is to work backwards from the issues that are important to the public discussion of Basic Income to the variables experiments are able to examine, and then working forward again from the raw experimental findings to the limited indications they provide about actual market outcomes, all the while, honestly emphasizing how very limited those indications are.¹⁸

Researchers should deemphasize work-effort findings, not only because experimental findings are so far divorced from the market outcomes of an actual basic income program but also because they are inherently less important than the effect that

Basic Income has on wellbeing, including factors like health, housing security, food security, and so on. If wages increase in response to Basic Income, and if living in a city or a nation without poverty increases individual wellbeing, experiments will underestimate the effect of Basic Income on wellbeing, but they can give an important indication of the direction of change.

I only know of four methods to bridge the gap between experimental findings and predictions about the outcomes of an actual, permanent, national Basic Income: (1) the back-of-the envelope method, making calculations assuming no one changes their behavior, (2) computer simulation techniques using theory based on evidence from past experiments and observations, (3) laboratory experiments (as opposed to field experiments), and (4) qualitative, ad hoc, logical, heuristic discussion of the probable causes and effects involved. The effort to combine experimental findings with results from these methods involves econometrics, general equilibrium computer simulation modeling, qualitative analysis, all of which involve making additional theoretical assumptions such that the studies predictions will be driven as much by the assumptions of the secondary analysis as by the raw data researchers spend so much effort to compile.¹⁹

An important part of the solution is in the design of the study. The people commissioning the experiment should consider it, not as a stand-alone project, but as part of a wider effort to learn as much as we can about Basic Income. Ian Shapiro argues that good social science research should start with a problem, identify what is known about it from the existing stock of theory and empirical knowledge, and then try to design a research strategy to improve that knowledge.²⁰ This strategy is very different from the process in which we seem to have started with a technique (the desire for a Basic Income experiment) and then asked what that technique does best. It's not too late to partially reverse that process, if we focus on how an experiment can contribute to better public understanding of the most important empirical issues in the UBI discussion.²¹

An ideal Basic Income trial would use a mix of random control and saturation-site techniques with an extremely large group of participants. But that kind of study is likely to be prohibitively expensive, and even its findings will be only a bare indication of the likely effects of a permanent, national Basic Income. Researchers will have to do the best they can with the limited budgets they have.

The book concludes with a discussion of how to work forward from the experimental results to the public discussion in ways that overcome communication barriers and reduce the problems associated with them. It argues that it is not enough to communicate the findings of experiments on their own terms, but results have to be presented with an understanding of the role they play in the political economy of the Basic Income discussion.

Although the effort to overcome spin, sensationalism, misunderstanding, and the streetlight effect will never be perfect, there are things everyone involved can do to reduce these problems.

Everyone involved can help by recognizing how difficult it is to understand each other when the discussion involves people as diverse as citizens, activists, elected officials, appointed public servants, managers, researchers across diverse fields, science communication specialists, professional journalists, amateur journalists, and so on. Many people fit more than one category, but those who do cannot instantly solve the communication issue.

Citizens involved in the discussion can help this effort by going beyond the blanket demand for an experiment by trying to get a realistic picture of what questions

they want an experiment to address, and by asking themselves whether an experiment is the best technique to address those questions. Citizens' ability to do this is limited because the public discussion involves millions of people who have very different political views and are not organized into a body. But writers and organizers within the movement can write about what specifically they want to learn from a Basic Income trial.

The people who commission the experiment and the public servants, managers, and researchers who design and conduct it can help by consciously trying to understand and respect the public discussion of Basic Income. Even if the study is intended to be a narrowly focused, technocratic approach to a few specific questions, it will be a part of the public discussion, and making the results understood should be one of its goals.

This suggestion does not mean that experiments must attempt to answer every Basic Income-related question people might have no matter how unanswerable. It means that the public discussion can be taken into account in the design of the study and the reporting of its findings. Foremost among the concerns of the public discussion is the very reasonable desire to relate all of the experiments' findings to the bottom line: what small piece does this experiment contribute to the overall evaluation of Basic Income as a policy option?

Three issues in specialist-nonspecialist communication are likely to have implications for experimental design in most political contexts.

First, the public discussion often conflates ethical and empirical issues. Basic Income experiments cannot resolve the public disagreement about Basic Income, because the discussion turns less on remaining scientific unknowns about Basic Income's effects than on the ethical desirability of Basic Income's known effects. Empirical researchers naturally focus on empirical questions, but they too often sweep ethical questions under the rug. Researchers can best separate these issues by bringing them into the open. People with different ethical perspectives are interested in different empirical claims and often use very different criteria to evaluate empirical findings. Framing the issue in one way or another can advantage one side or the other's spin on the results. A study could strive for a truly neutral framing, but it might be better off providing information that is useful to people with different ethical perspectives relevant in the political context and discussing the finding in relationship to those opposing perspectives.

Second, people involved in the public discussion are exclusively interested in the long-term impact of a permanent, national Basic Income on almost any variable an experiment might study. They have no direct interest in the simple, raw comparison between the control and experimental groups in temporary experiments. No list of caveats no matter how well written convert knowledge of that raw comparison into a genuine understanding of its implications for a permanent, national Basic Income. Without a second round of analysis and clear discussion of what it does and does not imply, research will probably misinform nonspecialists.

Bridging this gap requires bringing in evidence from other sources to make predictions about how community effects are likely to play out in the short and long run. It requires more qualitative discussion of the study's findings. It requires researchers to be unafraid of calling attention to the uncertainty of the study's predictions and to the smallness of the contribution experiments make to our overall understanding of Basic Income. No researcher likes to emphasize the limits of their findings as much as the findings themselves, but it is necessary to help the public discussion benefit from the contribution that experiments make.

Third, research reports have to discuss the questions they can't answer, including the big, bottom-line questions: does it work; should we do it? Although it is naïve to hope experiments can fully answer those questions, ultimately, those are the right questions—the things we need to know when we consider introducing a policy. Even the most technically focused research question is important to the extent that it contributes to that overall evaluation.

In the absence of an answer to the bottom-line question, researchers can relate their findings to it: examine whatever aspects of it experiments can, both alone and in combination with other evidence, techniques, and theories. Then discuss the potential impacts of the things their research cannot examine. The political nature of Basic Income experiments and the inherent difficulty of the material make this effort essential. A flippant, non-substantive answer treating the experiment as a vote for or against would be counterproductive.

The effort to work backward is especially important to avoid the streetlight effect. People designing Basic Income experiments might want to ask themselves: are we focusing on these questions because they are the most important aspects of the overall evaluation of Basic Income or because they are the easiest questions to answer with the techniques we have? Attention to the overall public evaluation of Basic Income might refocus the study toward variables that experiments can address only partially and toward more qualitative methods.

Researchers should not neglect answering the questions trials are best able to answer, and they might have an extremely good reason for narrowly focusing their study on issues that differ considerably from those of most interest to the public discussion, but to avoid misunderstanding, they need to clearly explain two things: why they are studying what they are studying rather than the issues of most interest to the public discussion and the extent to which their findings do help answer those questions. Research reports need to appreciate how difficult these issues are for nonspecialists and the history of misunderstanding that social science experiments have accumulated since they began in the 1960s.

The bottom line is important also because it forces comparison of costs and benefits. Discussion of benefits in isolation biases the reaction one way; discussion of costs in isolation biases it the other way. To head off this problem when reporting on—say—a decline in labor effort, researchers need to address what that decline means in human terms, whether it can be counteracted by other factors (such as a healthy macroeconomy), what people are doing with their time, and what the likely market response to that decline means for wages, working conditions, education, and so on. These issues need to be addressed not simply to avoid misunderstanding but also to make research useful.

Many common errors in understanding are predictable. For example, whether because of sensationalism or professional deference, some people are likely to interpret experimental results as more conclusive than they are. Whether because of a desire to spin or overconfidence in the meaning of research, some people are likely to discuss various results out of context as if they were votes in favor or against the adoption of Basic Income nationally.

People directly involved in the experiments are not the only ones who can help create a better public understanding of the findings. Anyone with good knowledge can help improve public understanding making themselves heard—and understood—to counteract any spin and misreporting. Outside researchers who understand the place of experiments in the political economy of the Basic Income discussion can reexamine

and represent findings in ways they recognize as more useful and less likely to be vulnerable to spin or sensationalism.

Journalists, bloggers, and anyone interested in writing about Basic Income trials usually have no special training in understanding the policy implications of technical experimental findings. But they can help by taking time to investigate the difficult issues involved and by trying to avoid the easy and sensational oversimplification.

Citizens—it could perhaps go without saying—can help by exploring the diverse literature that will be produced on Basic Income experiments and reading it critically.²²

¹ Jamie Condliffe, "In 2017, We Will Find out If a Basic Income Makes Sense," *MIT Technology Review*, December 19 2016.

² Karl Widerquist, "A Failure to Communicate: What (If Anything) Can We Learn from the Negative Income Tax Experiments?," *The Journal of Socio-Economics* 34, no. 1 (2005).

³ For a discussion of why there is so much overlap between Guaranteed Income and Basic Income trials, see Karl Widerquist. *A Critical Analysis of Basic Income Experiments for Researchers, Policymakers, and Citizens*. New York: Palgrave Macmillan, 2018.

⁴ Karl Widerquist. *A Critical Analysis of Basic Income Experiments for Researchers, Policymakers, and Citizens*. New York: Palgrave Macmillan, 2018. Summarized by permission of the publisher.

⁵ Condliffe.

⁶ Widerquist 2005.

⁷ Widerquist. 2018.

⁸ Widerquist. 2018.

⁹ Widerquist. 2018.

¹⁰ Widerquist. 2018.

¹¹ It goes without saying that Basic Income can be a regional policy.

¹² Widerquist. 2018.

¹³ Widerquist. 2018.

¹⁴ See Chapter 15 of this volume for discussion of the NIT experiments of the 1970s.

¹⁵ Widerquist. 2018.

¹⁶ Widerquist. 2018.

¹⁷ Widerquist. 2018.

¹⁸ Widerquist. 2018.

¹⁹ Widerquist. 2018.

²⁰ Ian Shapiro, "Methods Are Like People: If You Focus on What They Can't Do, You Will Always Be Disappointed," in *Field Experiments and Their Critics: Essays on the Uses and Abuses of Experimentation in the Social Sciences*, ed. Dawn Langan Teele (New Haven, CT: Yale University Press, 2014)., p. 238.

²¹ Widerquist. 2018.

²² Widerquist. 2018. Summarized by permission of the publisher.