

Macro Roundup Article

Headline: [The Employment Effects of a Guaranteed Income: Experimental Evidence from Two U.S. States](#)

Article Link: <https://www.nber.org/papers/w32719>

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Tweet: Giving low income individuals \$12,000/year for 3 years resulted in reduced market income of \$1,500/year, due to a 2ppt reduction in labor force participation and 1.3-1.4 hour/week reduction in labor hours. @evavivalt @AlexBartik @dbroockman

Summary: We study an experiment in which 1,000 low-income individuals were randomized into receiving \$1,000 per month unconditionally for three years, with a control group of 2,000 participants receiving \$50/ month. The transfer caused total individual income to fall by about \$1,500/year relative to the control group, excluding the transfers. Participants also [self]-reported their total household income. The transfers decreased total [self-reported] household income by about \$4,100/year relative to the control group. If we adjust this measure using the ratio of the individual calculated income and individual aggregate self-reported income, we get about a \$2,500 reduction in total household income. We observe no significant effects on investments in human capital, though younger participants may pursue more formal education. Overall, our results suggest a moderate labor supply effect that does not appear offset by other productive activities.

Related Articles: Pandemic Labor Force Participation and Net Worth Fluctuations and Another Wrong Way to Measure Poverty and Post-Pandemic Recovery for America's Prime Age Labor Force: A Tale of Two Sexes

Primary Topic: Unemployment/Participation

Topics: Academic paper, Database, Fiscal Policy, Government Spending, Important!, Unemployment/Participation, Workforce

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