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## LIFESTYLE

# The promises of elusive maharanis, and no-strings-attached money

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**Abhijit Banerjee**

Cooking, and eating, are often on Abhijit Banerjee's mind. But for the Nobel-winning economist, what starts with planning the night's dinner usually ends up in questions about ...  
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I must have been six or seven when for the first and probably last time, my parents were invited to a New Year's Eve party along with the children. It was in a big house somewhere in Ballygunge, and a whole wing was set aside for activities for children, with several nannies running around to keep us there.

With limited success, I would add, because we had heard that a certain maharani would be attending, and that was all that we could think about. Our parents, presumably in order to protect the maharani from a gaggle of curious children, refused to identify her. So, we tried it on our own. No one was wearing a crown, and the one who came in a tiara was her cousin, a kid assured us, certainly not the queen. Eventually we each made our own picks. Mine was a long-nosed woman in a silver-grey sari, who I heard, in a voice heavily inflected with boredom that I later came to associate with many years of smoking, asking a certain (male) darling to get her another gin and tonic.

I think most of us have had the experience of that New Year's Eve that was so built up that it was doomed to disappoint. And the one where you already know that it wi

not measure up but you need to go through the motions. I still wonder what it was for my maharani.



Illustration by Cheyenne Olivier

Over-promising and under-delivering is of course one of the occupational hazards of my world, where the latest innovations in development thinking are subjected to the occasionally brutal test of evidence. The latest on the docket is Universal Basic Income (UBI). The idea that everyone should get a basic minimum income, irrespective of what else is happening in their economic lives, has an appeal to a wide constituency. It ranges from those who believe that there cannot be a moral justification for the kind of extreme poverty we sometimes see in India, to Silicon Valley billionaires worrying about the political fallout from AI-induced job losses. By making it universal and unconditional, the argument goes, we remove the incentive for people to exaggerate their poverty, say by working less.

The evidence in developing countries suggests that this concern about strategic laziness is over-blown, but people do try to hide their earnings (by taking cash payments for example). For that reason, government programs that try to target the poor often end up leaking a significant fraction to the non-poor, and perhaps more regrettably, the (imperfectly implemented) extra checks intended to prevent that leakage, often end up excluding a large fraction of the genuinely needy. Universal unconditional programs avoid these targeting errors, but on the other hand, they only “solve” the problem by giving money to lots of people who don’t need it. This means that the amount you can give to the really deserving is that much less.

On the other hand, there are many reasons why guaranteed money, coming month after month, might change the way people behave. The idea that easy money makes people lazy, or worse, makes them dissolute because they now have the

time and the money to smoke and drink, has a long pedigree in conservative economics and politics.

But there is also the more optimistic view, especially in recent years, that the money might actually grease the way towards making more, so that one rupee of UBI turns into several rupees of extra money for the household. Imagine someone, maybe a bit like me once upon a time, whose dream is to quit her job as a cook in a household and run a small restaurant.

Maybe just a stall by the roadside in Kolkata, with a couple of makeshift benches and a tarp overhead, where she can serve her favourite dimer dalna, eggs cooked in a cumin accented sauce with potatoes, and kumror chokka, collapsed pumpkin in a gingery fry with black chickpeas with some rice, for people who need to take a break from their busy days. What stops her, maybe, is the fact she can't afford the tola (hafta in Hindi) that the local dadas imperiously (and illegally) demand from anyone who wants to occupy a piece of the sidewalk. Now, thanks to the UBI, she can scrounge together just about enough. Or maybe she does have the cash, but what is holding her back is the fear that no one would like her cooking (she knows she is a good cook, but people are strange) and she would lose it all. And perhaps the fact that she has UBI to fall back on helps. Or it could be something more psychological — life has been too hard so far — her husband left, her son overdosed — she just doesn't have the mental energy to take on anything new. The new money from UBI gives her a second wind, and possibly with that comes a willingness to take a flyer.

Where Kenya slides into Lake Victoria in its very west are some of that country's poorest counties. In Siaya and Bomet counties, 85% of the population had experienced hunger in the one year before we surveyed them, following which Give Directly, a California-based NGO that believes in helping people by giving them cash, funded a UBI that covered every adult in 44 villages. They would be guaranteed the local currency equivalent of 75 cents a day for 12 years.

Since there was much interest in the results from this intervention, the villages were chosen at random from a set of more than 300. Hundred other villages were chosen to be the control group, where no intervention was planned but similar data was collected. Another 80 got a short-term variant — the same monthly payments, but just for 2 years.

We now have some results from this study, from exactly the point where the two-year intervention ends. And the results do not disappoint. For one, there is no evidence that getting UBI makes people lazy. They work more overall, not less, though the difference is small. They do cut back on working for others but instead

are working more on their own projects. The number of non-farming businesses (think shops, eating places) associated with these villages is almost a third higher than the villages where no intervention happened, and the number of farming businesses (think poultry, goat-herding) goes up too. As a result, earnings are about 20% higher than in the control villages. The fact that the 12-year UBI money is there for the foreseeable future seems to have made the villagers better able or more willing to take on something new. They also eat better, are less depressed and more likely to say that they are happy.

The contrast with the impact of the two-year UBI is also instructive. Strikingly, even though they got the same amount of money over these two years, those in the two-year villages start fewer new businesses. Instead, they act as if they are very aware that the money will run out soon and that they need to find ways to save as much of it as possible. New businesses are risky and require on-going investments. They put their money instead in things that they are confident of holding onto — improving their existing farms, buying durables for the home, feeding their children better.

As an economist, my first instinct is to resist the question of whether they are wasting the money, say on drinks or cigarettes. After all, I am answerable to no one when I buy myself a bottle of wine. Indeed, it might even be seen as cool, as evidence that I know the good life. So why should poor people be asked that question? But the world wants that answer (and I guess with anything addictive there are real risks as well) so we collected data on various measures of alcohol consumption. The evidence at one level is clear — the fraction of villagers who say they drink every day goes down and significantly so with the 12-year UBI. The question is whether they are just saying it to make us happy. To get around that, we also asked if others in the village were drinking too much and creating an issue for them, so that they have the option of staying “pure”. Again, what we see in the data is good news — problem drinking goes down. On the other hand, sales at the local liquor stores are up. But that might be because people are buying fancier forms of alcohol rather than getting drunk on home-brew. This being a new year, I will make the more optimistic assumption and head out to buy a few bottles for our party.

Recipe for cucumber mint cocktail

My new passion in drinking are cocktails that are relatively low on sugar, and therefore more suitable for people in my demographic (and indeed for everyone else, given that we are facing a Tsunami of diabetes).

Here is something easy, tasty and beautiful.



Make one cup of clear cucumber juice by putting two large peeled and chopped cucumbers in a blender and straining the resulting liquid through a cheese-cloth. Put the juice in a cocktail shaker with 1 cup vodka, ½ cup elderflower liqueur or sweet vermouth, 2 tablespoons of lime juice and shake well. This is sweet enough for me but if you want to add 2 tablespoons of Stevia syrup (to make Stevia syrup, heat 1 cup water with two tablespoons of Stevia powder and once it is fully dissolved, let it cool). Pour over ice in a cocktail glass and garnish with slightly bruised mint leaves.

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