‘Maezawa Basic Income Social Experiment 2020’

and

‘Basic Income Social Experiment Survey’

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Overview of the Social Experiment

The ‘Maezawa Basic Income Social Experiment 2020’ is a monetary giveaway project in which JPY1,000,000 per person is distributed to 1,000 people. The recipients have been randomly chosen from the 4.3 million Twitter followers who had retweeted Yusaku Maezawa’s ‘Yusaku Maezawa 1-billion JPY giveaway’ tweet. There is no condition to be eligible to win the monetary giveaway other than retweeting Yusaku Maezawa’s original tweet. In addition, those who are chosen as the recipients are given no terms in order to receive the winning cash benefits.

Along with this experiment, a ‘Basic Income Social Experiment Survey’ will be conducted to see the impacts of the monetary giveaway on the recipients’ behaviors, conditions and values. The information collected will be used in an official report as well as in various academic papers in fields of economics, sociology, psychology and more. Through this survey, the social experiment would be a reference point for the study of Basic Income.

About ‘Maezawa Basic Income Social Experiment 2020’

It is the first step toward introducing Basic Income to investigate the impacts of the cash benefits (namely, income fluctuation) on people’s behavior, health status, and values. The impact of income fluctuations is the primary research topic in the field of economics, and many quasi-experiments (called “natural experiments”) such as tax cuts, public pension payments, and oil dividends, have been explored[3]. Despite the efforts, much remains to be done for identifying a causal effects because the income changes in such natural experiments are not perfectly random.

Unlike the previous studies, however, this social experiment makes it possible to show the causal impacts through a ‘designed experiment’, where randomly selected recipients receive the cash

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[3] For example, refer to Parker, Souleles, Johnson, and McClelland (2013), Stephens and Unayama (2011), Kueng (2018)

benefits. Such an experiment like this, especially in a developed country where Basic Income is considerable, is acknowledged to be exceptional and rare. In particular, it is unprecedented among advanced countries that a large amount of money (even when compared to average income) has been randomly distributed without any prerequisite or restriction.

About 'Basic Income Social Experiment Survey'

Overview of the Survey

Along with the 'Maezawa Basic Income Social Experiment 2020', a series of surveys entitled 'Basic Income Social Experiment Survey' will be conducted to examine the effect of the social experiment. The survey will consist of 17 surveys over the period of one year, and will research the responses to the cash benefits from various perspectives. The questionnaires are structured to cover a comprehensive range of questions regarding the recipients' behavior, status and values, and is designed to accurately identify the causal effect of the monetary giveaway.

Survey Design

A total of 17 surveys are scheduled to be conducted online. Three `detailed surveys', comprising of a larger number of questions, will be conducted prior, intermediate and post payment of the cash benefit. In addition, relatively simplified surveys will be conducted once every month, totaling to 14 times. The survey subjects are divided into two groups: the 1,000 monetary giveaway recipients (namely, winners) and other general people who show great interest in contributing to the research (non-winners)[4].

Both groups will be studied under the same questionnaire survey, thus making it possible to compare the groups for each questionnaire. Exploiting the survey structure, comparisons are possible across groups in time-series, cross-section, and panel dimensions, and, thereby, the causal effects of receiving the monetary giveaway can be identified through an appropriate 'causal inference'[5].

The most significant feature of this social experiment is the fact that the recipients are chosen

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[4] The non-recipients of the cash benefits consist of people gathered from our social experiment's official website (www.yusakumaezawa.com), and those who answer the questionnaires through a news providing app 'Gunosy'. This 'non-winners' group is entirely open to the public (whoever wishes to contribute), and no exact sample size is designated.

[5] Despite identifying the causal effect, a correlation cannot be discovered without appropriately structured data. Refer to Ito (2017) for an introductory manual regarding the concept of Causal Inference.

entirely at random, characterizing this experiment as a 'Randomized Controlled Trial' (RCT) and therefore, in principle, the differences in outcomes between the recipients and the non-recipients can be regarded as the causal effects of the monetary giveaway. However, as the recipients are selected from those who are Twitter users, when considering 'Japanese people' as the population, it will be perplexing to say that this is a completely randomly assigned experiment[6]. To resolve this, the results are adjusted in terms of demographics, income, and other social characteristics for a comparison with government surveys. For such adjustment, it is necessary to obtain information related to socio-economic characteristics of surveyees.

As well as the RCT type cross-sectional comparisons, the Difference-in-Differences (DID) analysis will be applied by exploiting the survey structure in which status of the recipients and non-recipients in 2 different stages (pre-experiment and post-experiment) are observable, and thereby, 'changes' caused by the monetary giveaway can be identified. DID method is not only one of the most reliable analytical frameworks, but also a way to avoid the sample-selection problem even if the recipients do not represent the national population.

In addition to the three detailed surveys, 14 monthly surveys will be conducted to observe month-to-month changes. This panel dimension information makes it possible to identify the impacts of the monetary giveaway even if the effects are temporary and short-lived.

Variables of Interest

Logically speaking, there are only three options that a recipient can take when an additional income arrives: 1) to expend, 2) to save, or 3) to reduce other income by reducing one's labor hours or so. Accordingly, the main questions must be 'whether or not/how much does the recipient spend the cash benefit?', and 'how long does the recipients' work?', and so variables of interest are something related with household income, expenditure, labor hours, and other time use.

Moreover, items on which the recipients expend, the purpose for saving, and the alternative method of spending time when decreasing labor hours, will be studied. Examining the physical, cognitive, emotional and ethical factors on the economic decisions made by the surveyees will bring information on how an income fluctuation can affect one's lifestyle.

In the context of Basic Income, the effects on labor hours and employment status are especially important. According to research which delineates the connection between increased cash benefits and reduced labor time, it is expected that recipients reduce labor effort[7]. We will, however, try to

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[6] Twitter is now a generally acknowledged SNS tool and does not cost any money to retweet. Therefore, it is possible for Twitter to widely represent 'Japanese people'.

[7] There is an analysis that identifies a similar situation to this social experiment which was conducted upon lottery winners, but even in researches like these, the major interest lies on the

observe not only such direct impacts on the labor market effort, but also the long-term effects especially on self-investment, family ties, and other socio-economic factors related to physical and psychological welfare.

Timing of Payments as the Social Experiment

This 'Maezawa Basic Income Social Experiment 2020' plans to allot the monetary giveaway in different groups that have differing methods of payment: A) Recipients will receive the JPY1,000,000 cash benefit in one payment, and B) Recipients will receive the JPY1,000,000 cash benefit in smaller monthly payments over a period of one year. Furthermore, the recipients who are scheduled to receive the cash benefit in one payment will be subdivided into 2 groups; A-1) Recipients will receive the JPY1,000,000 cash benefit in one payment in April, 2020, and A-2) Recipients will receive the JPY1,000,000 cash benefit in one payment in October, 2020.

With this grouping, we can separately identify the impacts of two factors: `information that the recipient won the monetary giveaway' and 'receipt itself of the monetary giveaway'. In order to clearly acknowledge the efficacy and the difference that is shown from this grouping method, the intermediate detailed survey will be conducted before A-2) group receives the payment.

It is prevalent to say that rational people who count their future and has adequate funding will immediately react to the information about their winnings, while those who do not have enough funds cannot respond to the information but do to the receipt. In another context, recent studies in the field of behavioral economics reveal anomalies associated with relationship between payment pattern and behavior[8].

By exploiting the different payment patterns and timing of payment, we can tackle the issues associated with rationality, financial frictions, and alternative theories including behavioral economics. An experiment where a large amount of money (cash benefit) is distributed in (randomly assigned) different manners is unprecedented and novel. Introducing various payment patterns and difference in timing will invite an accurate causal inference, and therefore, the payment pattern and timing grouping is an indispensable part of the 'Maezawa Basic Income Social Experiment 2020'.

Research and Analysis Organization

'Maezawa Otoshidama Management Secretariat' will be the subject constituent of this research

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fluctuation of working hours (for example, refer to Imbens, Rubin, and Sacerdote, 2001; Cesarini, Lindqvist, Östling, and Wallace, 2016)。

[8] See Otake (2019) for an introduction to behavioral economics (in Japanese).

and will frequently release any information and outcomes of this experiment online. Eventually, the findings are scheduled to be published in a 'Maezawa Basic Income Social Experiment 2020 Report'. Furthermore, the information collected from the 'Basic Income Social Experiment Survey' will be shared with a 'Research Team' consisting of academic scholars, thus be evaluated from a third-party perspective. The 'Research Team' is currently made up of the following 2 university-associated researchers, who serve as advisors for the official report, research design and research ethics.

In addition, we expect other researchers to join 'Research Team' by application basis. By joining the team, the micro data can be accessible in order to write academic papers. A potential team member should submit an application to 'Maezawa Otoshidama Management Secretariat', and will be reviewed based on its suitability, validity, understanding of the experiment's intention, and the ability of handling personal information. For more details, please ask for 'Research Guideline for Maezawa Basic Income Social Experiment 2020'.

＜Secretaries of Research Team＞

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