

Technequality

Which Regime Works Best in Social Welfare? Comparison of Outcomes of Dutch RCT Experiments and Lessons Learned for Social Policy.

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Dit is het
Tilburgs vertrouwensexperiment

Doet u mee?

We willen onderzoeken of de bijstand beter werkt met minder regels, meer begeleiding en meer keuzevrijheid. Daarvoor hebben we uw hulp nodig, want u weet wat werkt voor u.



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Technequality

SEP-210499711

The Technequality Project

Multidisciplinary group of scholars investigates effects of technological innovations on:

- The number of jobs.
- The nature of our tasks.
- Skill needs and education.
- **Social inequalities → WP4 – Comparison of micro-and macro economic effects of basic income and participation income - Reinventing the welfare state**

Now: final year of a 3-year project

<https://technequality-project.eu/>



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Outline

- 1. History of the experiments (debate in 2015)**
- 2. Theory, design and methodology**
- 3. First results**
- 4. Technequality research: impact of technical change on inequality of access to LM**
- 5. Conclusions and discussion**



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Debate in 2015

- **Media: Free money for lazy people, too expensive? Not UBI. Only for people on welfare and conditional**
- **Conditional Participation Income for people on SA**
- **For municipalities: what works better: 'workfare' or self-management and tailored support?**
- **Rewarding people or penalizing? (earnings release)**

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VERTROUWEN
WERKT! ✓
gemeente
Wageningen

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Where are we now?

9 Experiment cities 2017-2019

- 6 Article 83 cities (Tilburg, Wageningen, Utrecht, Groningen, Deventer, Nijmegen)
- 3 informal experiments (Apeldoorn/Epe + Oss + Amsterdam (started in 2018))
- Experiments were finished on 31 December 2019, data uploaded and updated for nine cities (November 2020)
- Rich exposure in media. Presentations for municipalities n seminars and workshops. Tranzo seminars. Podcast. First results.
- Local policy: lessons learned: tailored support, parttime work, trust and positive attention.



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Biggest Experiment Ever Worldwide

Municipalities			Participants	
RCT Exp	Population	Target population	Application	Realisation
<i>Article 83</i>				
Tilburg	8200	6000	800	783
Wageningen	800	800	300	399
Deventer	3117	3117	1000	553
Utrecht	12500	8100	900	780
Nijmegen	8000	5000	400	348
Groningen	11000	8744	700	891
Subtotaal	43617	31761	4100	3754
<i>Non-article 83</i>				
Apeldoorn-Epe	4300	3425	540	559
Oss	2225	1500	300	301
Amsterdam	42000	42000	2000	750
Subtotaal	48525	46925	2840	1610
Totaal	92142	78686	6940	5364



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Theory - ideas

Behavioural economics (trust, rewarding, reciprocity)

- Reciprocity, trust and fairness concerns (Fehr & Schmidt, 2000; Thaler, 1980)

Positive and motivation psychology (self-management; autonomy, intrinsic motivation)

- Scarcity and poverty stress affect people's mindset (Mullainathan & Shafir, 2013; Mani et al., 2013)
- Crowding out of intrinsic motivation (Deci, 1971; Frey & Jegen, 2001)

Sen's capability theory (freedom of choice).

- Free choice to create opportunities for the disadvantaged (Sen, 1985, 2004)

- Providing trust and rewarding might under certain conditions work better to influence behavior than punishment (positive reciprocity)
- Reflects modern psychological ideas on self-efficacy and self-management creating more wellbeing and positive health.
- Ideas used to define treatments of RCT experiment



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Hypotheses and Policy Expectations

- **Hypotheses to be tested:**
 - Positive effect of tailored support and earnings release on outflow to paid work (effect sizes: 5-10%)
 - Positive effect of relaxation, trust and free choice on SWB, subjective health, and self-efficacy



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Hypotheses and Policy Expectations

- **Policy expectations**
- Workfare policies mostly short-term effects but positive incentives might improve long-term outcomes
- Less enforcement, self-management and tailored support might raise efficiency and effectiveness of reintegration policies
- Rendering more free choice and trust reduces stress and evokes positive reciprocity → raise job search effort and increase health and wellbeing



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Random Controlled Trial with 4 experimental groups

Group 1: Exemption and self-management; (helping people to help themselves), 2 contacts a year

Group 2: Intensive tailored support; 5/6 contacts a year.

Group 3: Earnings release. Reduced withdrawal rate (from 75 to 50%); 2 years instead of 6 months; up to same maximum of €202 per month; #contacts differ between cities.

Group 4: Regular treatment group (“care as usual”) workfare, compliance, benefit penalties (1 contact a year; in practice none for long spells)

Non-participants=reference group (regular treatment but not part of experiment; randomized or not)

Rather large differences between experiments

- Single or combined treatments
- Pre or post-randomization
- Earnings release (extra premium in Tilburg and Deventer)
- Exemption group (leave them alone or support in self-management)
- Randomization reference groups
- Power (small number of people in treatments 100-200)



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Differences of treatments across cities

Groep	Deventer	Groningen	Nijmegen	Tilburg	Utrecht	Wageningen
1	A1+C	A	A+C	A+C	A	A
2	A2+C	B	B+C	B	B	B
3	B+C	C		B+C	C	C
4		A, B of C			Apeldoorn-Epe-Oss A+B	
					Amsterdam A+B+C	

A = Exemption – Self-management

B = Intensive tailored support

C = Earnings release (50% up to €200 p/mth. In Tilburg two groups in addition €200 p/mth for fulltime work)



Research design

Product evaluation

Impact of treatments on:

- Exit into paid or unpaid work (full-time, part-time, temp work)
- Health, subjective wellbeing, self-efficacy, trust, social participation
 - 3 Surveys at begin with participants (baseline), 1 year, 2 year



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Outcome measures

Subj. wellbeing (SWB)	average score on life satisfaction(0-10), meaning of life (0-10) and happiness (0-5)
Subjective health (SH)	Subjective health question (1=very bad to 5=excellent)
Mental health (MH)	Mental health scale based on 5 items and 5-points Likert scale:never=1 to 5=always: Items: nervous; sad-down; gloomy-depressed; calm-peaceful; happy
Opportunities- Capabilities	Based on two questions and 7 items: item is considered important; available in own situation (Likert scale 1=never to 5=always) Items: to learn and do new things; to set own targets; to have good contacts with others; to have a decent income; to contribute to the life of others Capability index: weighted sum of items, weighted with level of importance ranging from 1 to 5 and normalised on 0-10 scale
Social trust	ESS survey question on how much trust people put in others on 0-10 scale
Self-efficacy	Based on 4 statements and 5-points Likert scale 1=completely disagree to 5 completely agree Items: find work when i put effort; confident to find work in future; can make good impression when apply; job fits well to my education/skills
Social network	Frequency of monthly contacts with family, friends, neighbours ranging from 0 to 4 times a month
Income poverty reduction	Based on question on financial situation ranging from: have to make debts, dissave, just make ends meet, saving a bit of money, can save money Reduced probability of living in income poverty (% of people with debts or dissavings)
Deprivation poverty reduction	Based on two questions on necessity of item and whether one can afford it on 5 out of 14 selected items derived from EU-SILC deprivation list 5 items: once a day fruit/vegetables; once a day a meal w. meat, poultry or fish; replace worn-out furniture; replace worn clothes; repair damaged equipment

Note: EU-SILC=European Statistics on Income and Living Conditions



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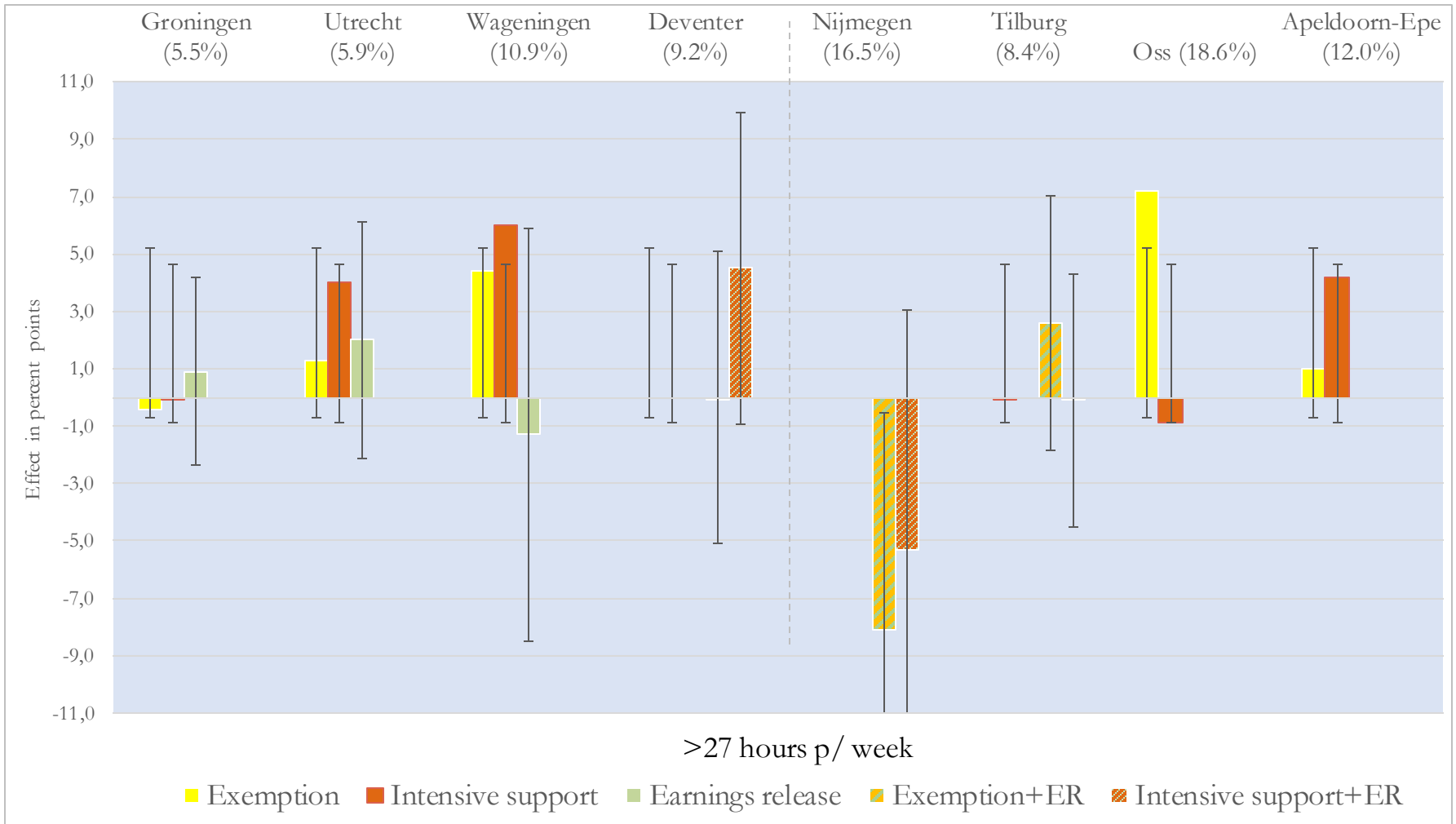

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Research methodology

- **Models**
 - ITT intention to treat analyses (including withdrawals)
 - LATE local average treatment effects analyses (ITT/share of non-compliers)
- **Hawthorne (treatments) and John Henry effects (control group) -Placebo regressions (CPB) – differences in outcomes already before start of experiment**



Results on outflow to fulltime work

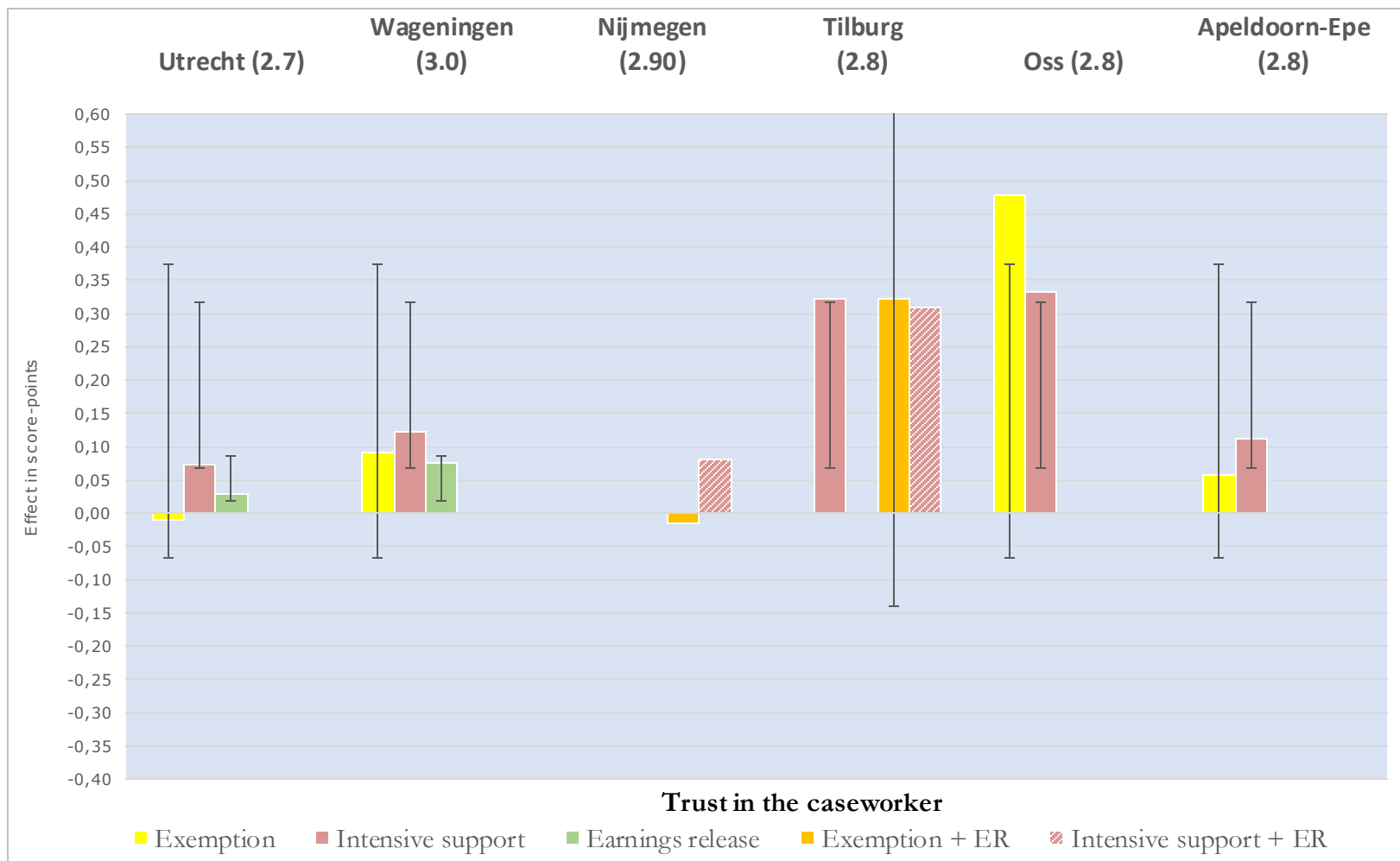


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Impact on Social Trust (CBS data)

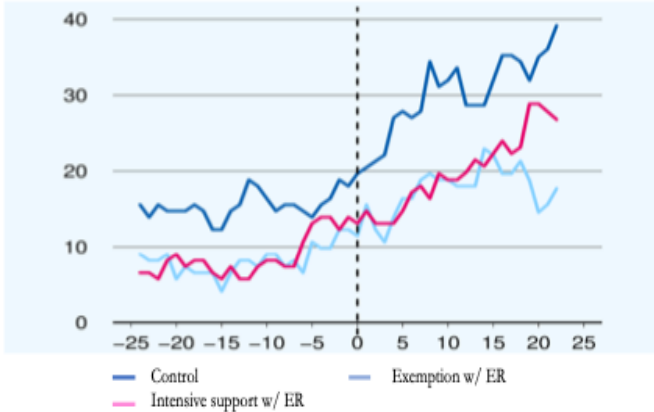


Trust in caseworker (CBS data)

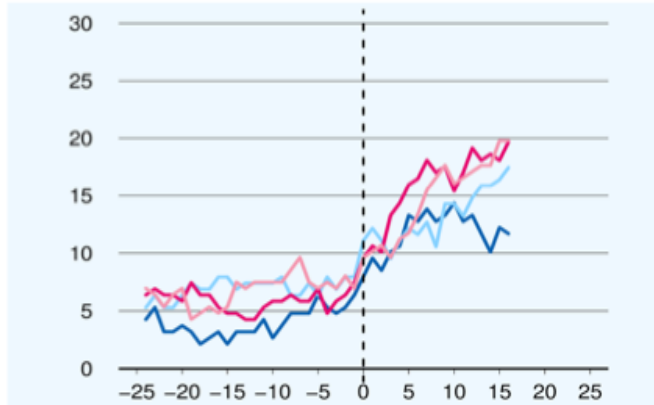


Outflow to FT (left) - PT(right) work over time (CBS-Data)

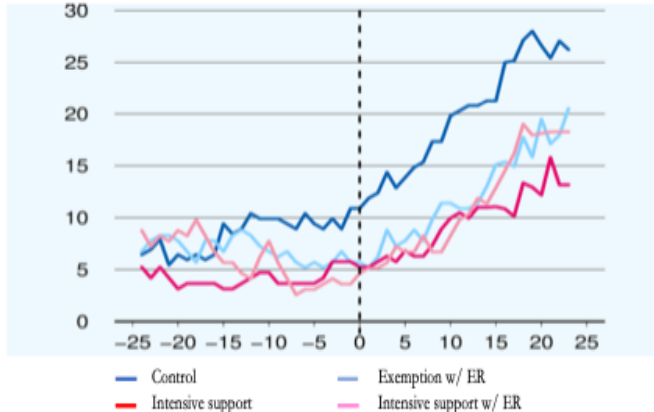
Nijmegen: >12 hours p/ week



Utrecht: >12 hours p/ week



Tilburg: >12 hours p/ week



Experiment (Hawthorne, John Henry) effects found in Tilburg and Nijmegen (+ Groningen)



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Conclusions

- **From punishing to rewarding:** Positive significant effects of earnings release on parttime work. Further research needed.
- Positive effects on parttime and fulltime work of intensive tailored support
- Positive effects of exemption on self-efficacy
- Positive effects of intensive support on social trust and trust in caseworker
- Positive effects of intensive support to reduce financial stress
- **Field experiments:** very interesting way to test policies but researchers need more impact on design to make them comparable.
- **Challenging research:** how is access and exit to work for people on welfare affected by technical change.
- **Are UBI/PI approaches a way forward for social policies?**
Volume at the end in 2022 (Edward Elgar)



Methodological issues

- Design very different across cities. Technequality: Compare similar treatments across more cities
- Small numbers, little power. Technequality research in WP4 focuses on comparison between cities and between countries (e.g, Finland).
- Experiment effects (Hawthorne-John Henry). How to deal with them?
- Why effects e.g. on work cancel each other out within treatment groups?
- We control for spell duration in SA, education level etc. but these variables might take-up part of the treatment effect
- Comparison with (randomised) reference groups need other statistical models (matching or fixed-effect panel regression)



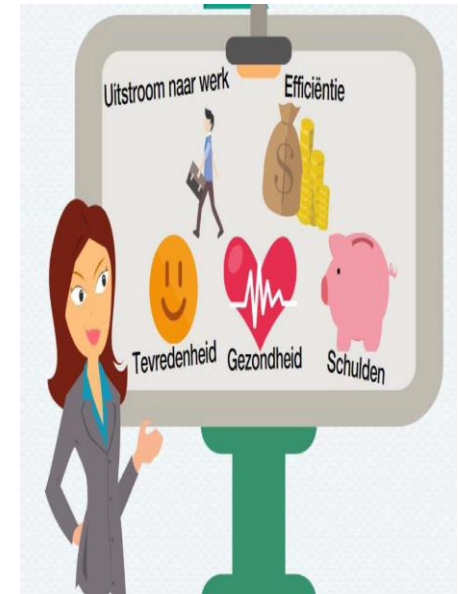
Substantive research issues

- **Research into effect of technical change on access to work for people on welfare (micro-economic and macro-economic) related to job destruction or polarization of jobs**
- **LM effects: long-term unemployment; barriers to access due to skill deficiencies**
- **Time horizon CBS data; 2015-2020. Update data to follow careers of participants and control/reference groups**
- **Short-term versus sustainable employment eff**
- **Compare results with other experiments elsewhere (literature review, collaborative work H2020)**



Lessons for policies

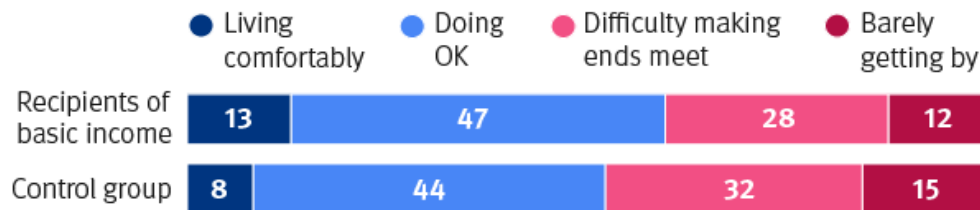
- **Social investment strategy needed based on positive attention, trust, tailored support and capacitating people (tailored intensified support)**
- **Reward people for their initiative instead of penalizing them (earnings release).**
- **Train caseworkers to learn people how to help themselves (self-management)**
- **Provide people with more autonomy and freedom of choice, create opportunities in between work and non-work**
- **Tailor tools and trajectories to the needs and demands, wishes and dreams of the welfare recipient.**
- **Create time (lower caseload) to support and coach people in their financial and social needs**



Finnish BI experiment 2017-2018 (2000 unemployed 560 euro p/mth)

Results of the basic income experiment: small employment effects, better perceived economic security and mental wellbeing

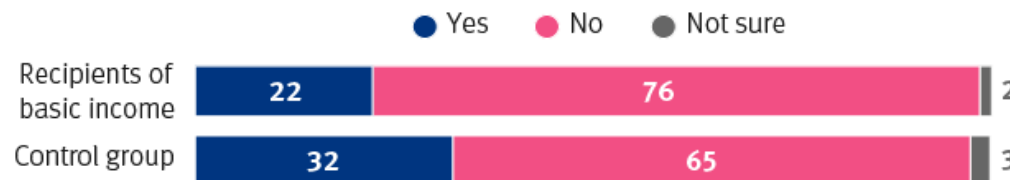
Self-perceived financial situation at current household income, % of respondents*



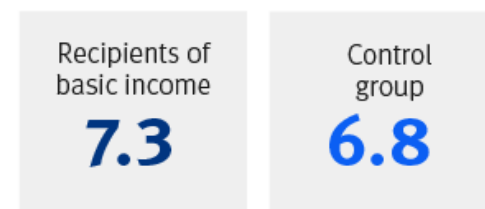
Average number of days of employment November 2017–October 2018



Self-perceived depression, % of respondents*



Satisfaction with life on scale 0–10, average



*The survey was carried out towards the end of 2018.

The interpretation of the results of the basic income experiment is complicated by the introduction of the activation model in 2018.

Kela

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