9. The bureaucracy of claiming benefits

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INTRODUCTION

Citizens of welfare states often support extensive social benefit programmes, but also consider them as bureaucratic and inefficient (Svallfors, 2010). Part of the criticism may arise from citizens' experiences as beneficiaries. Sudden interruptions in benefit eligibility, delays in benefit decisions, and recovery of payments might reinforce the critical perceptions of these individuals. The complexity of benefit rules and practices, such as how benefits are adjusted to earnings, might also intensify citizens' perceptions of bureaucracy.

Perceptions of bureaucracy are an important phenomenon to study because they indicate the complexities involved in the administrative processes of welfare policies and the associated burden and costs of potential welfare recipients (cf. Handler, 2004; Handler and Hasenfeld, 2006). Moreover, the costs involved in claiming benefits might result in the non-take-up of benefits or discouraging beneficiaries from taking on jobs, especially when faced with temporary or part-time job offers (Brodkin and Majmundar, 2010; Currie, 2004; Moynihan and Herd, 2010; Kleven and Kopczuk, 2011).

The core idea of a basic income is to provide individuals with a regular minimum income without complex conditions or the need to interact with benefit officials. For example, Standing (1999: 362–3) argues that an unconditional basic income 'would simplify the complex schemes, make them more transparent, and reduce the amount of intrusive enquiry'. As a regular and automatic payment, a basic income should also reduce financial insecurity and increase the foreseeability of future cash flows (for more on the potential sources of financial insecurity, see Chapter 8 by Lassander and Jauhiainen).

In the ideal case of a basic income, individuals would be confident that they would receive the guaranteed stipulated amount, and that all additional income from employment or entrepreneurship would increase their monthly disposable income. In principle, a basic income should at least reduce the need to interact with benefit officials and release the beneficiaries from struggling with adjustments to benefits arising from other earnings.

Accordingly, advocates of a basic income often assume that the administrative processes and costs of distributing an unconditional basic income would be less than for distributing conditional benefits. The general view in the literature seems to be that reducing bureaucratic effort in benefit payment processes automatically leads to reductions in the burden caused to beneficiaries when claiming benefits (for a more thorough elaboration on the assumption, see De Wispelaere and Stirton, 2011). However, there is a large gap in the research literature on the effects of a basic income on the practical experiences of benefit claimants, and on the potential costs they face when trying to adjust to the complexity of conditional benefit schemes.

De Wispelaere and Stirton (2011) argue that the extent of administrative simplification that might result from the introduction of a basic income depends on the different design features of such a policy that determine whether it can truly replace or supplement the existing benefit framework. In the Finnish basic income experiment (2017–18), basic income did not fully replace the existing benefit system. The basic income model that was tested left the beneficiaries with the opportunity to apply for the other existing social benefits according to their original rules. Moreover, the register analysis on the use of social benefits in the experiment showed that a considerable proportion of those who were eligible for other benefits also applied for them (Hämäläinen et al., 2019 and 2020). To receive these additional benefits, the basic income recipients had to fulfil the benefit eligibility conditions and interact with the benefit and employment officials just as before the experiment. This would imply actions such as registering as an unemployed jobseeker, filling out employment plans, participating in active employment services, sending benefit claims, and providing information on earnings.

However, in the Finnish experiment, at least two things changed for the beneficiaries that were independent of whether they eventually applied for other social benefits apart from the basic income. First, they received the basic income of €560 regularly at the beginning of each month, regardless of whether they chose to apply for other social benefits retroactively. Second, the beneficiaries were aware that whatever the decision on their potential benefit claims was – or whether they chose to apply for it – they received at least €560 every month.

These changes in the benefits system motivated us to study the beneficiaries' perceptions of the bureaucracy of the social benefits system in the Finnish basic income experiment, thus leading to the posing of the main research question in this chapter:

Did the basic income recipients consider the benefits system as less bureaucratic than those who did not participate in the experiment?

The structure of the chapter is as follows. First, I present the data and methods used in the subsequent analyses. Second, I discuss the incentives of different population groups to apply for social benefits in the Finnish experiment. This discussion is relevant to the positing of a working hypothesis on how a basic income affects the perceptions of the bureaucracy of receiving benefits for different population groups. Thereafter, the findings on the perceptions of the participants are reported. Finally, the findings are summarised and discussed, including the potential ability of a basic income to reduce the bureaucracy in receiving benefits experienced by beneficiaries.

MEASURING PERCEPTIONS OF BUREAUCRACY IN RECEIVING BENEFITS

In the following analysis on the perceptions of bureaucracy, I will utilise data from a telephone survey conducted during the Finnish basic income experiment. The survey was targeted both at the participants of the experiment and at a sample of those who belonged to the control group of the experiment. In the analysis, I will utilise remodelled survey weights to correct for the bias caused by the unit non-response (for more information on the survey, see Chapter 5).

In the telephone interview, the respondents' perceptions of the bureaucracy of claiming social benefits were measured with the following question:

When you think about the past two years, do you feel that there is too much bureaucracy involved when claiming social security benefits (Yes, No, Not sure)?

While the meaning of the question seems to be straightforward, the concept of bureaucracy may contain some ambiguity. It may not be entirely evident which bureaucracy is being referred to in the questionnaire. In the Finnish public discussions, the social benefits system is often described as too complex, non-transparent, unforeseeable, and discouraging beneficiaries to accept gig-like, part-time, or temporary job offers. A benefit system with such disadvantages is often labelled as bureaucratic. In the survey questionnaire, the concept of bureaucracy was used accordingly to refer to potential deficits of the benefits system.

In the following section, I explore the association between participation in the experiment and perceptions of bureaucracy by comparing the distributions of responses of the treatment and control groups. I will first analyse the responses of the whole study group and then separately the sub-groups formed according to the social assistance take-up, family type, and labour market position of the respondents. The background factors that define the sub-groups are self-reported and they represent the respondents' situation at the time of the

survey interview (for more information on the study and background variables, see Table 9A.1 in the appendix).

I will provide statistical tests for the observed differences between the groups. The tests were calculated for each subgroup separately. In addition, the sensitivity of the observed differences between the treated and control groups was tested with a regression analysis that considers other factors that potentially explain the variety of perceptions of bureaucracy.

HOW IS PARTIAL BASIC INCOME AFFECTING DIFFERENT POPULATION GROUPS?

To hypothesise about the association between participation in the experiment and the experience of bureaucracy in claiming benefits, it is important to realise that in the experiment, some individuals continued to have the need and incentive to apply for other social benefits – especially those who received social assistance or had dependent children.

Households that receive social assistance often receive other basic social benefits such as unemployment benefits. In the experiment, the basic income was roughly equal to the basic amount paid as unemployment benefits. Despite the basic income replaced the basic unemployment benefit, the need and eligibility to apply for social assistance continued. Similarly, those with dependent children were eligible for a higher unemployment benefit (the so-called child component), and thus continued to have an incentive and a need to apply for it. As a result, the basic income experiment did not remove all bureaucracy from the claiming of benefits. Consequently, we should expect relative differences between the perceptions of the treatment and control group towards this bureaucracy according to the social assistance take-up and type of family.

The telephone survey included 586 persons from the experiment's treatment group and 1,047 from the control group. Those receiving basic social assistance at the time of the interviews for the treatment and *control groups* were 19 percent and 28 percent, respectively. Of the treatment group (*control group*), 37 percent (32 percent) had dependent children, as indicated in Table 9.1.

The respondent's position within the labour market should also be considered relevant in the analysis. For those not receiving any social benefits, the basic income provided a pure minimum income and an earnings supplement. Moreover, it did not require any form of interaction with the officials to receive it.

The unemployed and those receiving other social benefits were only freed from eligibility conditions, duties related to claiming benefits, and the need to interact with officials if they decided not to apply for unemployment benefits. For students, however, the experiment worked as a replacement for existing benefits because the basic income was higher than the student grant.

Table 9.1 Demographic analysis of respondents (treatment and control group)

	Treatment group	Control group
Respondents	586	1047
Household receiving social assistance	19%	28%
Household with children	37%	32%
Labour market position		
Wage earner/entrepreneur/farmer	35%	28%
Student	8%	10%
Unemployed/not in employment	37%	39%
Other	20%	23%

Consequently, the students should not have had the need or incentive to apply for other benefits in addition to the basic income.

There were relatively more wage earners, entrepreneurs, and farmers in the treatment group (37 percent) than in the control group (32 percent). About a quarter of respondents classified themselves as unemployed. The share of students in both groups was about 10 percent. The proportion of those unemployed and students was only slightly smaller in the treatment group than in the control group (Table 9.1).

EXPERIENCES OF BUREAUCRACY

Table 9.2 shows the responses of the treatment and control groups to the survey questionnaire about the perception of bureaucracy in receiving benefits. In the treatment group, a smaller share of individuals (57 percent) reported that there was excessive bureaucracy involved when claiming social security benefits than in the control group (64 percent). Significantly, more than half of the participants in the experiment still considered the claiming of benefits as too bureaucratic.

Participants who received social assistance reported more often that claiming social security benefits involved excessive bureaucracy (67 percent) compared with those who received social assistance in the control group (62 percent). However, the difference is not statistically significant. This result is somewhat expected since the design of the basic income experiment did not ease the eligibility conditions or the application procedure of the means-tested social assistance if the individual also received other basic social benefits.

For those unemployed, the responses were similar to those receiving social assistance. Unemployed participants reported more often that claiming social

benefits involved excessive bureaucracy compared with the unemployed in the control group, but the observed differences were not statistically significant. In the experiment, the amount of the basic income was equivalent to the basic portion of the employment benefit. Thus, we would have expected that the unemployed in the treatment group would have reported negative perceptions about the bureaucracy of the benefits system less often than the control group. However, based on the register analysis on the take-up of unemployment benefits (Hämäläinen et al., 2019, 2020), most of the unemployed in the treatment group continued applying and receiving unemployment benefits and interacting with the employment officials, as they would have done outside the experiment. Noting this, the survey results on the unemployed are not surprising. The bureaucracy remained as in the case of social assistance recipients.

Students receiving the basic income reported experiencing less bureaucracy in claiming their benefits than students in the control group (Table 9.2). This result confirms our expectations because the basic income amount was higher than student grants and, thus, the students did not have a similar need to supplement their income with other benefits, as was the case with other categories of beneficiaries.

Table 9.2 Experiences of bureaucracy by selected background factors

	Treatment group	Control group	<i>p</i> -value
There is too much bureaucracy involved when claiming social security benefits: Yes	57%	64%	0.011
Social assistance	67%	62%	0.321
With children	52%	63%	0.014
Unemployed	64%	62%	0.674
Student	49%	64%	0.078
Wage earner/entrepreneur/farmer	49%	62%	0.002

Wage-earners, entrepreneurs, and farmers in the treatment group also experienced the benefits system as less bureaucratic than their peers in the control group. Finding explanations for this would require more information on the potential replacement of in-work benefits received by this group (adjusted unemployment benefits). It is also noteworthy that in addition to students, the wage earners, entrepreneurs, and farmers were those whose financial situation most likely improved because they received their basic income on top of their other potential income (earnings).

Participants with children reported experiencing bureaucracy in claiming benefits less often (52 percent) than their peers in the control group (63

percent). This result is somewhat unexpected as families are usually entitled to higher other benefits than the amount of the basic income in the experiment. The number of dependent children results in larger unemployment benefits and social assistance, and thus higher incentives to remain within the existing benefit system. The interpretation of the findings regarding families would require a more detailed picture of the benefits that the families received during the experiment.

In the previous analysis, we saw that a smaller share of respondents in the treatment group considered the social benefits system too bureaucratic compared with the control group (see also Table 9A.2 in the appendix). However, the association between participation in the experiment and perceptions of decreased bureaucracy should be analysed more thoroughly. This includes constructing a sensitivity test to determine if the association is observed even when controlling for other potential factors affecting perceptions of bureaucracy.

Table 9.3 includes the results of regression analysis for two different model specifications. The first model (*participation*) only includes a treatment indicator as an explanatory factor. The estimation of the coefficient for the treatment indicator (*participation*) is analogous to comparing response distributions between the treatment and control groups without considering other potential explanatory factors associated with the perceptions of bureaucracy. The odds ratios in the table indicate that participation in the experiment reduced the probability that the respondents reported excessive bureaucracy in claiming benefits (odds ratio < 1.0). In sum, those who participated in the experiment felt that claiming benefits was less bureaucratic than those who remained within the existing benefit system.

The second model in the table (*participation + controls*) controls for the take-up of social assistance, family type, labour market position, gender, age, education, health status, part-time employment, and the respondent's attitude to a basic income. These results – the estimated coefficient of the treatment indicator – show that the association between participation and perceptions of bureaucracy retains its size and direction, even though other potential explanatory factors are considered. In sum, even when the differences in the background factors are considered, a difference in the perceptions of the bureaucracy among the study groups is observed.

DISCUSSION AND CONCLUSIONS

In this chapter, individuals' perceptions of bureaucracy in claiming benefits are analysed from the Finnish basic income experiment. The study was motivated by the core idea behind the concept of a basic income; by being a regular and unconditional payment, a basic income should simplify the process of

claiming benefits, reduce individuals' needs to interact with benefit officials and, in general, ease individuals' daily management of financial issues.

Table 9.3 Regression analysis (binary logistic) on the association of participation in the experiment and experiences of bureaucracy

	Coefficient (participation)	p-value	Odds ratio
There is too much bureaucracy involved when claiming social security benefits: Yes			
Participation	-0.30	0.0109	0.74
Participation + Controls*	-0.32	0.0100	0.73

Note: * Controls include take-up of social assistance, family type, labour market position, gender, age, education, health status, an indicator of part-time employment, and the respondent's attitude to a basic income.

In the Finnish experiment, the monthly basic income of €560 covered the basic part of the unemployment benefits (or other daily allowances) and was complemented by the opportunity to receive other social benefits (larger daily allowances), housing allowance, and social assistance. Thus, by design, the experiment did not result in a significant reduction in the bureaucracy of claiming social benefits if individuals continued to apply for other social benefits. According to a register study, at the end of the first year of the experiment, the share of those in the control group who applied for unemployment benefits was about 63 percent, and those in the treatment group around 47 percent (Hämäläinen et al., 2019, 2020). Moreover, there was only a slight drop in participation in employment services (Hämäläinen et al., 2019, 2020).

In this study, the bureaucracy of the benefits system was measured with a self-evaluative survey questionnaire that was targeted at both the participants and the control group of the Finnish experiment. The analysis indicated that, on average, those who participated in the experiment experienced claiming benefits as less bureaucratic than their peers who continued living on the existing benefit system. The association between participation and perceptions of decreased bureaucracy remained even when other explanatory factors were controlled. However, it is worth noting that more than half of the participants in the experiment still considered the claiming of benefits as too bureaucratic.

Some beneficiaries – those unemployed or receiving social assistance – reported excessive bureaucracy in claiming benefits more often in the treatment group than in the control group. Moreover, the results for those with dependent children were somewhat surprising and contradictory. In the study, families in the treatment group reported experiencing less bureaucracy

in claiming benefits than those in the control group, although they most likely needed to continue applying for other social benefits. However, the sub-group analysis suffers from a small number of observations and, thus, these results should be interpreted with caution.

The study points to further analysis of the mechanisms that connect the receiving of a basic income to individuals' perceptions of bureaucracy. A more in-depth analysis could be performed by utilising register data on the take-up of social benefits and labour market transitions during the experiment and combining this with self-reported survey measures. Further analysis of the interview data utilised by Blomberg et al. (2020) (see also Chapter 12) could also provide explanations for the differences in the perceptions of different population groups to bureaucracy.

In this study, I focused on the bureaucratic burden felt by beneficiaries that result from the combination of needed benefit systems that supplement basic income support. A basic income policy designed to operate in parallel with other selective and conditional benefit systems clearly cannot remove all the existing administrative processes. Even if the payments of a basic income were purely unconditional and automatic, bureaucratic activities would likely be required for other purposes, such as the assessment of earnings-related benefits, complementing income assistance for expenses (housing benefits and social assistance) and income taxes. Such activities cannot be displaced by introducing a non-means-tested basic income policy. Consequently, we have no grounds to expect a drastic drop in beneficiaries' perceptions of the bureaucracy of this system.

The results of this study remain politically relevant, since in any feasible basic income system, 'the entire apparatus of welfare benefits would still have to remain in place, although benefits would, of course, be reduced by the amount of the basic income' (Barry, 2001: 65). Moreover, as Van Parijs (2001: 8–9) states,

if a government implemented an unconditional income that was too small to cover basic needs – which [...] would almost certainly be the case at first – UBI [unconditional basic income] advocates would not want to eliminate the existing conditional minimum-income schemes, but only to readjust their levels.

In this context, we may expect a slight improvement in the bureaucratic burden faced by the beneficiaries, but more importantly, as De Wispelaere and Stirton (2011) point out, start to consider how much we genuinely care about administrative efficiency compared with other goals that the basic income policy could help to achieve.

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APPENDIX

Table 9A.1 Survey questions and response categories for the study and background variables

Questions on study variables	Available response categories
When you think about the past two years, do you feel that there is too much bureaucracy involved when claiming social security benefits?	Yes, No, Not sure
Questions on background variables	Available response categories
What sources of income does your household have (respondent/spouse/other household members)?	Wage/Business income, Pension, Unemployment benefits, Basic income, Social assistance/Income support, Other social security, Other income, Not sure
Which of the below alternatives best describes your household?	Single-person household, Couple without children, Household comprising more than one adult (over age 18), Household with children, Prefer not to reply
Which of the above best describes your position in the labour market at present?	Self-employed/a farmer, A wage or salary earner, A stay-at-home parent, A student, Unemployed, Retired, I'm not in paid work, I only get basic income payments, Other (please specify)

Table 9A.2 Distribution of response on the experiences of bureaucracy

	Treatment group (%)	Control group (%)
There is too much bureaucracy involved when claiming social security benefits		
Yes	57	64
No	36	31
Not sure	7	5