

# The effects of an unconditional cash transfer policy on poverty, health and wellbeing: A study plan

Miska Simanainen

Department of Sociology, Stockholm University  
Social Insurance Institution of Finland



## Background

Despite the increasing number of studies on the effects of cash transfer reforms on poverty and health (for a review, see e.g. Haushofer & Fehr 2014, Rothstein & Wächter 2017, Ridley et al. 2020), there is a lack of evidence on the effects of cash transfer reforms in the developed welfare state context.

With this study, I aim at contributing to this knowledge gap by exploring the potential effects of an unconditional cash transfer (UCT) policy experiment conducted in Finland in 2017-2018 on different poverty, health, and social outcomes.

## Research Questions

What is the effect a UCT policy on:

1. Welfare dependency
2. Income poverty
3. Health and especially mental health
4. Use of health services
5. Subjective wellbeing
6. Social mobility
7. Family relations

## Research Design: The Finnish Basic Income Experiment 2017-2018

Design of the experiment

- Target group: 25-58 years old basic unemployment benefit recipients (i.e. individuals having a short working history or being long-term unemployed)
- Research design: RCT with 2,000 treated and 173,000 controls
- Intervention: unconditional cash transfer (560 euros) paid monthly for two years (2017-2018)

Intervention (for more info, see Verho et al. 2021)

- Existing conditional cash transfers (CCTs) were partly replaced with a UCT
- Cash incentives for finding a job were increased significantly
- Total income increased in the treatment group compared to the control

## Data and Methods

Primarily I will utilize administrative register data on

- Primary and specialized health care
- Drug and medical care reimbursements
- Social benefits
- Taxable incomes
- Pension insured employment spells
- Population data

In addition, I will combine data from a survey study conducted during the experiment with data from the above-mentioned registers.

My methodological toolbox consists of

- Comparison of means and proportions between study groups
- Estimation of ATE with multiple linear regression
- Evaluation of study hypotheses
- Analysis of heterogeneity

## Funding

The research work is funded by the Social Insurance Institution of Finland, Kone Foundation, and The Finnish Cultural Foundation.

## References

- Haushofer & Fehr (2014). On the psychology of poverty. *Science*. 344(6186).
- Ridley et al. (2020). Poverty, depression, and anxiety: Causal evidence and mechanisms. *Science*. 370(6522).
- Rothstein & Wächter (2017). Social Experiments in the Labor Market. In Banerjee & Duflo (eds), *Handbook of Field Experiments*. Vol 2. Elsevier.
- Verho et al. (2021). Removing Welfare Traps: Employment Responses in the Finnish Basic Income Experiment. *AJE: Economic Policy*. Forthcoming.