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Welfare Benefits and Immigrant Crime

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Motivation



- **Welfare reductions for immigrants** have found many proponents:
“Social assistance cuts incentivize employment and promote integration.”
(e.g., Peter Gomm, Swiss Social Aid Conference, 2015)
- Discussed or already implemented in AT, CA, DK, FI, NL, LV, LT, ...
- ! Hardly any empirical evidence on how this will affect employment and whether it might backfire in other dimensions.

Motivation

- In CH, welfare recipients are worse off, relatively speaking.
 - In CH, $\overline{SA} \approx 1000CHF$; reduced $\overline{SA} \approx 500CHF$ (excl. subsidies)
 - Low wage $\leq 4300CHF$
- \Rightarrow SA cuts reduce reservation wage already well below minimum salaries.
- ⚡ If social assistance (**SA**) is already below lower end earnings, negative effects of benefit cuts (**esp. crime**) may outweigh proclaimed positive ones (**i.e. employment**).

Swiss setting

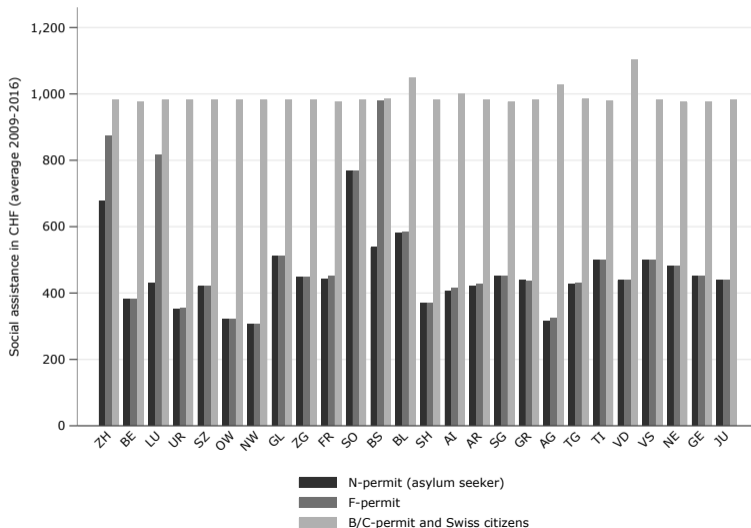
Asylum policy

- Asylum seekers' (AS) residence is **restricted** to the canton to which they are **quasi-randomly allocated to**.
- **Fed. authorities** decide on asylum request: **accept** or **reject**, or grant **temporary admission** (rejected but no possibility of deportation)
- **Residence remains restricted** when not independent.

Social assistance provision

- SA is generally set by the cantons.
- **AS** by default receive lower SA than Swiss (and B,C)
- **Temporarily admitted persons (F)** often face reduced welfare.

SA variation by canton and immigration status



Data

1. Combination of **registry on foreign population** (ZEMIS) with **criminal records** (accusations, PKS), 2009-2016
 - Challenge: The PKS does not contain the social security number.
 - Keep records which are unique based on birth date, gender, nationality, permit, year of offense, municipality of residence (> 90% of foreign pop.)

⇒ Link the records based on unique combinations of characteristics: **probabilistic merge**.

... which uniquely link with about 65% of cases in PKS (movers, recording errors, etc.)
2. Data on **cantonal welfare** provided by the Immigration Policy Lab

Summary statistics

	Accepted refugees (B/C)	Temporary accepted (F)	Asylum seekers (N)	$\Delta(2-1)$	$\Delta(3-2)$
All crimes	0.932 (0.012)	1.345 (0.016)	1.176 (0.015)	0.413 (0.020)	-0.169 (0.022)
Income-motivated	0.330 (0.007)	0.635 (0.011)	0.679 (0.011)	0.305 (0.013)	0.044 (0.016)
Violence	0.269 (0.006)	0.324 (0.008)	0.154 (0.005)	0.056 (0.010)	-0.170 (0.010)
Other	0.552 (0.009)	0.728 (0.012)	0.609 (0.011)	0.175 (0.015)	-0.118 (0.016)
Min. sentence (IHS prison days)	0.052 (0.001)	0.079 (0.001)	0.077 (0.001)	0.028 (0.001)	-0.003 (0.002)
Observations	656,819	519,636	520,334	1,176,455	1,039,970
Individuals	38,166	40,206	88,239		

Notes: Person-quarter observations 1/2009 – 4/2016. Crime incidence $\times 100$. Income-motivated crimes include theft- and drug-related crimes and crimes related to illicit labor of foreigners. Robust SE in parentheses.

Main identification: Panel

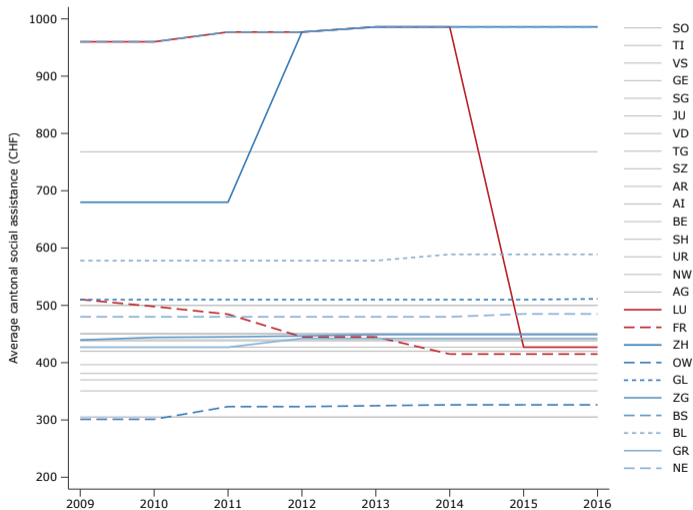
- Focus on **temporarily admitted persons** ≤ 10 years
(mobility restrictions, longer-period status, no/few employment bans)
- **Variation in SA** results from
 1. exogenous allocation to a canton
 2. change in cantonal SA rates over time
 3. exogenous asylum decisions

→ We can estimate the ITT effect of social assistance SA on the individual probability of committing a crime C with:

$$C_{ict} = \tau SA_{ct} + \mu_t + \mu_i + \beta X_i + \gamma K'_{ct} + \varepsilon_{ict}$$

- i individual, t time FE. SE clustered at canton c .

Variation in SA over time (F-permit)



Does welfare change *employment*?

Full sample, all crimes, SA in 100 CHF

	Employment (1)	Monthly wage (log) (2)	Total Earnings (3)
SA	-0.000439 (0.00127)	-0.00986 (0.0135)	-0.00955 (0.00509)
Observations	303484	303484	63725
Person count	26963	26963	8165
Cantons count	26	26	26
Quarters count	24	24	24
Cluster-robust	0.729	0.466	0.0604
WCB - restricted	0.801	0.666	0.0280
CWB - unrestricted	0.739	0.470	0.0380
Jackknife CV3J p-value	0.861	0.737	0.145
Mean DV	0.212	1.939	8.469
Within-R-squared	0.0559	0.0631	0.0847

Notes: Models include individual, years-since-arrival and quarter FE. The dependent variable in column (1) is a binary employment indicator. Column (2) uses logged monthly wages (excluding the employed). The poisson FE regression in column (3) uses total earnings in CHF (including zero earnings). p-values * $p < 0.10$ ** $p < 0.05$ *** $p < 0.01$

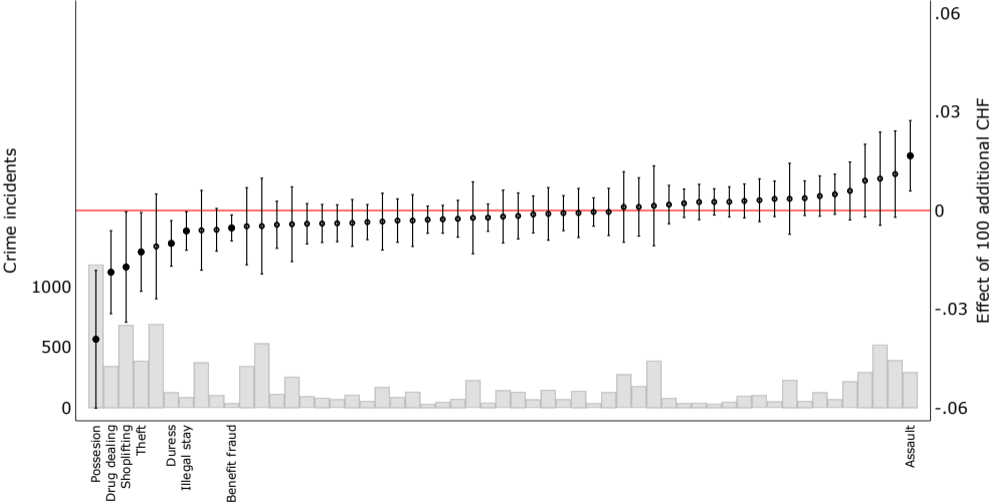
Does welfare change *crime*?

Full sample, all crimes, SA in 100 CHF

	All crimes (1)	Income motivated (2)	Violent crimes (3)	Other crimes (4)	Prison sentence (5)
SA	-0.073*** (0.025)	-0.048*** (0.009)	0.000 (0.009)	-0.040** (0.016)	-0.007** (0.003)
Cluster robust	$p = 0.005$	$p = 0.000$	$p = 0.965$	$p = 0.016$	$p = 0.025$
CWB - restricted	$p = 0.044$	$p = 0.110$	$p = 0.986$	$p = 0.034$	$p = 0.050$
CWB - unrestricted	$p = 0.303$	$p = 0.000$	$p = 0.978$	$p = 0.094$	$p = 0.473$
Jackknife CV3	$p = 0.085$	$p = 0.000$	$p = 0.974$	$p = 0.134$	$p = 0.175$
Mean DV	1.18	0.55	0.27	0.64	0.07
R2	0.21	0.18	0.12	0.17	0.19
N	360,894	360,894	360,894	360,894	360,894
Person FE	33,935	33,935	33,935	33,935	33,935
Yearq FE	32	32	32	32	32
Residence FE	11	11	11	11	11

Notes: OLS effect of cantonal social assistance on crime probability ($\times 100$), adjusted for individual, year-quarter, and residence duration (years) fixed effects, as well as for accompanying cantonal welfare policies. Sample restricted to F-permit holders who reside in Switzerland no longer than 10 years. p-values * $p < 0.10$ ** $p < 0.05$ *** $p < 0.01$

Effects on single crimes



Back-of-the-envelope policy relevance

- Conservative estimate of prison time
 - Minimum sentence for every crime (fines in prison equivalents)
 - 100 CHF/month additional SA \approx 9.4 fewer prison days/year
- Daily costs “normal imprisonment”: Males (297), Females (358 CHF)*
* Kostgeldliste Strafvollzugskonkordat 2020/21

$$\longrightarrow (100 \times 12 = 1200 \text{ CHF p.a.}) < (300 \times 9.4 = 2830 \text{ CHF p.a.})$$

Conclusion

⚡ Changes in social assistance provision
... have limited employment effects,
... but affect **criminal activity**.

1. Lower SA has spillover effects on criminal activities as it **increases the burden of making a living**.
2. Careful usage of linked registry data can contribute to better policy.

Thank you!

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