

The Self-Sufficiency Project:
 Three Randomized Experiments for Welfare Recipients in Canada
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In recent years, in many countries, there has been a renewed interest in the use of financial incentives to encourage work effort among low-income individuals. Examples of such programs are the Earned Income Tax (EITC) in the United States, the Working Tax Credit (WTC) in the United Kingdom, and the *Prime Pour l'Emploi* (PPE) in France.

Financial incentive approaches represent the “carrot” approach to encouraging work (making work pay), in contrast to the “stick” approach, which conditions benefits on fulfilling work obligations.

Perhaps the most dramatic test of financial incentives for low-income families is the randomized Self-Sufficiency Project (SSP), conducted during the 1990s in two Canadian provinces (British Columbia and New Brunswick). SSP was a voluntary alternative to welfare and offered a very generous subsidy to persons working full-time (greater than 30 hours per week).

There were three different SSP experiments, each with a different objective. The features and main results of these three experiments are shown in the following Table.

	SSP Recipient Study	SSP Applicant Study	SSP Plus Study
Target Group	Long-term welfare recipients (>1 year)	Recent welfare applicants	Long-term welfare recipients
Treatment	Work-conditioned earnings subsidy	Work-conditioned earnings subsidy	Work-conditioned earnings subsidy plus employment services
Site(s)	British Columbia New Brunswick	British Columbia	New Brunswick
Main objective	Impact on full-time employment and income	Size of “entry effects”	Additional impact of employment services
Time of experiment	1992 - 1999	1994 - 2001	1994 - 1999
Sample Size	5,729	3,315	892 (3-way design)
Take-up rate	37%	27%	52%
Main Results	1. Doubled full-time employment in short-run 2. No long-run effect on employment	1. Small entry effect 2. Large short-run effect on full-time employment 3. Significant long-run effect on employment	Significant additional effects of services