"Unprecedented Injustice": the Algorithmization and Optimization of Social Benefits in the Netherlands

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Algorithmization can be defined as the codification of procedures in an organizational context to automate or support a process, e.g. decision-making (Gillespie 2014; Meijer et al. 2021; Veale & Brass 2019). Among many public services, algorithmization is happening also in welfare, and specifically in the allocation of social benefits, where the increasing use of algorithms aim at determining eligibility for a benefit based on specific criteria, automating its distribution (Meijer et al. 2021), or verifying that requests are not fraudulent. While algorithmization in this context is implemented to increase efficiency and optimize processes, a large literature has demonstrated how it can perpetuate bias, unfairness and amplify social discrimination (Barocas, S. & Selbst 2016; O'Neil 2016; Eubanks 2018), reduce transparency (Ananny & Crawford 2018) and accountability (Kemper & Kolkman 2018) of govenmental agencies. This article aims to investigate what happens when welfare is automated and what governance factors contribute to the negative impacts of this process. To this end, algorithmization will be described as a cultural and socio-technical process, not limited to the use of code-based systems or statistics (Saver 2017; Airoldi 2021) but framed in the political and social context that demanded it, to show a broader understanding that includes the people who design it, institutions that manage it, and people who are impacted by it (Yeung 2018).

In recent years, several countries have introduced a digital welfare state, such as Denmark (Jørgensen 2021), the United States (Eubanks 2018), and, notably, the Netherlands. In particular, the Netherlands has been named as the first European country to implement data-driven mass discrimination of citizens (Hadwick & Lan, 2021) because of a scandal related to the allocation of child benefits and alleged fraud in applications reviewed by an algorithm. The Toeslagenaffaire involved thousands of erroneously flagged cases of fraud that led to bankruptcy and loss of children for families in an "unprecedented injustice" (Dutch Parliament, 2020). Prior to this, another Dutch welfare algorithm, known as SyRI, was used by local governments since 2015 to detect the risk of potential fraudulent requests of people receiving welfare benefits.

More recently, two investigations looked at a similar algorithm used by the municipality of Rotterdam and one used by the government to respond to visa applications (Lighthouse Reports 2023). While SyRI has been used exclusively in

neighborhoods with significant rates of poverty, crime, and unemployment (Bekker 2021; Wieringa 2022), the Toeslagenaffaire and more recent cases demonstrate the enormous harms of algorithms repeating gender, class, and ethnic discrimination in welfare practises. In particular, it will be shown how risk indicators chosen by humans to optimize by categorizing entire social groups (e.g., "women with children"; "Surinamese") end up discriminating.

The spread of algorithmic processes in decision-making, especially in such a sensitive and impactful domain as welfare, requires much attention from scholars. But it is even more important to address algorithms as socio-technical processes by studying them empirically. For this reason, this paper brings together the perspectives of governance studies, technological design, and critical algorithm studies. It will draw on interviews with key actors in the Dutch case from government, academia and public ICT, and government documents. This will enable a detailed empirical research on the impact of digitization on welfare systems that is currently lacking. Using the Netherlands, where classical welfare structures are highly adopted, as an empirical context, the paper will provide new and original insights by addressing what occurs when welfare is automated and by which techniques, critically analyzing its problems, and how to establish models for governing it.