

High-Level Policy Forum

**Sickness, Disability and Work:  
Addressing Policy Challenges in OECD Countries**

Thursday, 14 May 2009

**Comments of the Rapporteur**

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Like others, I congratulate the Swedish Government and the Organisation for Economic Co-operation and Development for organizing this remarkable conference. We have had an extraordinarily rich meeting. Unfortunately for myself, at some time long ago I foolishly agreed to summarise the main lessons and conclusions of the day—in 15 minutes and without a preceding break in the program!

Fortunately, we have just enjoyed a good and wide-ranging discussion of issues, and Ms. Sonnegard provided an excellent summary list of comments. I think we close the day impressed by both the diversity of national systems and situations and the substantial agreement on where we should be headed. So what is a rapporteur to do?

Since I cannot possibly cover all the ground nor in any defensible way glean “lessons” or identify conclusions, let me instead propose a way to think about organizing what we have heard and said.

We begin with the common appreciation that to a greater or lesser extent all the countries represented, and indeed all the countries of the OECD, are doubly challenged—first by unsustainable growth in disability benefit receipt and second by the worst recession since the great depression of the 1930s. The combination of aging populations, economic transformation, and sickness/disability benefits systems unsuited for promoting rehabilitation and work has led to a trend increase in prevalence of disability benefit dependence that predates the current economic downturn but that will surely be made worse by it. What do we do?

Surely we have not, and we will not, come up with solutions in these two days. Rather I think it more productive to think in terms of the “building blocks” of national strategy and tactics for addressing the disability policy challenges. The advantage of the building-block approach is that it increases the possibility of developing what I am reluctant to identify from today’s experience alone: lessons about better practice.

I define a lesson as an idea, conclusion, or course of action drawn from the experience of others that is applicable to decision-making in a different context. Note that if an idea, conclusion, or course of action is not transferable, it is not by this definition a lesson. Such lessons need not be comprehensive; Sweden’s disability policy will never exactly replicate that of Norway, let alone the United Kingdom. But that does not mean that there are not constituent elements of Norwegian and British policy today that can inform Swedish strategies for everything from addressing mental health problems to assessing employability.

Note as well that I referred to lessons about *better*—not best—practice. We often talk about best practice. Identifying best practice requires that we know all the alternatives. We never

do. But we can in most contexts define in light of our goals what would constitute an improvement over what's done today. If we can identify the building blocks of policy, we can better focus our lesson-collecting. Identifying these building blocks as reflected in today's discussion is a work in progress; I need your help in sorting these components out.

I think we begin with a distinction between design and implementation. By "design" I refer to the components of our vision of the disability policy we would like to have and its institutional embodiment. "Implementation" building blocks are the components of our strategy for getting from where we are today to that vision.

Currently my university is constructing a massive new building not far from my office. It will cover a full city block and extend four stories underground as well as twelve stories (the Washington maximum) above. I find it difficult to comprehend how architects go about designing such a building—translating a vision into blueprints for halls, windows, elevators, and toilets. But I find it at least equally difficult to comprehend how one plans the construction to ensure that things happen in sequence with the right materials arriving at the right time. That's implementation. In some ways the task faced by disability policy is even more difficult than architecture, since our vision for the future is likely to change as we learn through experimenting with change. Trial and error is our lot.

So, you say: Just what are some of these "building blocks"? The collection I have identified while listening to our speakers is less than tidy, but I think it captures some of the important elements. The list includes ideology, creating a new process or experience for persons seeking disability assistance, managing such systems, coping with diversity, interface with other programs, incentives, contracting, interacting with stakeholders, and more. Do not be afraid; I will do none of these justice.

Ideology. Judged from today's discussion, ideology is a key element. The importance of work to well-being is one part of the ideology of disability reform. The cost of failing to act is a second. Yet a third is the justification for undertaking or continuing reform now—"Keeping on track in the economic downturn," as our background paper says. Ideology is the basis of the political consensus that must be achieved and sustained if long-term reform is to be achieved. These matters lay at the core of the concerns expressed by Professor Gregg.

Creating a new service experience, and managing it. "Ideology" is high-level business—appropriate for a high-level forum. But it is interesting how much of this high-level discussion has been about what happens at the ground level when our social assistance institutions encounter people with disabilities. Our reform discussions are often about changing the experience created in that interaction, and managing this transformed process. There are many elements in play here, including the way in which disability is assessed and by whom, the appropriate response to the outcome of such assessment, and the timing of the intervention. Mr. du Bois-Reymond's passionate discussion of the challenge of "medicalisation" was in part directed toward this level. So too, was Ms. Wayland-Bigler's report on the importance of early intervention in the process of eligibility and benefit assessment for persons with disabilities in order to divert them to rehabilitation and, eventually, work.

All sorts of management building blocks show up within the general category of "creating an experience," because it is very difficult to ensure that what policymakers in Stockholm, the Hague, and Lisbon envision happening really takes place in Arvika, Nieuwkoop, and Viseu. Arguably an important part of this is changing the culture of local offices so that those at the

front line see capacity assessment, rehabilitation, and movement to work as part of their professional obligation for clients who are able while at the same time sustaining the entitlement to assistance for those who are not. Attaining this cultural transformation generally involves some sort of “joining up” of whatever department is responsible for employment services and the department traditionally responsible for delivery of benefits. This seems never to be easy, but it is important, as the remarks by Professor Gregg, Ms. Rose, and Mr. Batljan attest. Beyond joining up, the diversity of disability means discretion and flexibility must be granted to local administrators and those devising strategies to meet individual needs. The problems that arise from lacking goals, strategies, accessible locations, and other building blocks were effectively described by Mr. Fârm.

Strategy for diversity. Everyone agrees that the population of people with disabilities is diverse. Variation occurs in the nature of handicaps, other personal characteristics, and stage in the assistance process. Regarding the nature of handicaps, the major distinction discussed today has been that between mental and physical issues. Regarding personal characteristics, we have principally heard about differences in policies appropriate for youth compared to those of “working age” and older. Discussions of stage generally draw a distinction between the inflow of new applicants/cases and the population—stock—of those already on benefit. Reform implementation strategy often calls for beginning with new cases. Other targeting—both for engaging and, to paraphrase Mr. Donne, leaving some people in peace—strategies are discussed as well.

Interface with other programs. Disability policy does not operate in a vacuum. Important building blocks involve the interaction between disability assistance systems and other social benefits, most notably unemployment benefits. Many speakers have talked in one way or another about the pressure to use disability as a means of reducing the unemployment benefit caseload. To do so, we seem generally to agree, is to return to the past. But how do we secure the fence between unemployment and disability? Professor Gregg indicated that the “flexible New Deal” for those with disabilities, was not just unemployment benefits (“Job Seekers’ Allowance”) for a special population. Rather the flexible New Deal is intended to be something entirely different.

Incentives. We have heard reference to various incentive schemes, including reforms allowing work without fiscal penalty and innovations designed to protect those engaged in rehabilitation from loss of entitlement. Here Mr. Rust presented interesting information on the American experiment with combining financial incentives for work by persons with disabilities with increased service options and was admirably frank about the problems encountered in the scheme’s implementation. Decisions about incentives and choices offered recipients are building blocks for any reform scheme.

Contracting. There are good reasons to believe that the provision of disability-related services can be improved through contracting for delivery from other units of government, nongovernmental social services organizations, or private businesses. In all cases designing contracts with proper incentives and ensuring adequate management information are challenging management problems. Nevertheless, choices of what to contract for, with whom, and how are important building blocks for much reform. Australia is, as Ms. Rose’s report shows, a good place to learn about such things.

Interaction with stakeholders. Many social partners are affected by and concerned about the character and direction of disability policy. Building blocks encountered here involve, for example, relationships with small as well as large employers and procedures for

accommodating labor organization concerns. The importance of these efforts was underscored by Ms. Bergstrom and by Mr. Thönnies' report of German efforts to involve the social partners in finding ways to improve the quality of life, of which, he emphasized, work constitutes half.

I could go on; indeed the timekeepers here are probably fearful that I will do so. It is impossible to catalog all the insights we have gained. But I hope you get the point: Even when visions for how things fit together differ across countries, much can be learned from looking at building blocks, because components are often much more transferable than a system as a whole. It's at the building-block level that better practice is most likely to be discovered. It is at the building-block level that we begin to answer the questions posed initially by Ms. Kashefi—how we might improve services, what should be the responsibility of employers, how we transform passive benefits to active ones. At the same time, we cannot forget Mr. du Bois-Reymond's discussion of "virtuous circles." To make something whole, the blocks must fit together.

I close with two thoughts. The first thought relates to something Ms. Kashefi said in her introduction. She quoted an unnamed state minister as saying, "If we continue as we did, it will be as it was." Our reaction to her quotation was immediate and positive: There is common agreement that "as it was" is unacceptable, and change is essential. But I wonder if we should add a reservation: "If we change, it won't necessarily be for the better." The challenge in building block selection and refinement, to repeat an opening point, is finding better ways of carrying out these constituent activities in light of our goals.

The second thought relates to experimentation and the role of the OECD. We've heard a lot about what might be termed externalities. We are concerned about the choices that are made in the encounter between individuals and our social assistance agencies, because those choices, when repeated across many people have consequences not only for the well-being of the individual but for the size of the national labor force, the tax burden for other citizens, and the composition of national product.

We have also heard reference to a good deal of experimentation with alternative approaches at the building-block level. The alternatives range from variation in funding and responsibilities for government units in charge of disability program delivery to restructuring of procedures and responsibilities for disability assessment. A successful experiment teaches us something reliable about the choice involved. The common international interests that this conference reflects suggest that the benefits from successful experimentation don't just accrue to the government that does the job. That's an externality, too. And if there's anything economists seem to have right (admittedly, right now, economists are not doing so well in the "right" department), it is that when such externalities exist, the activity will be under-supplied. Good experiments, I would say, are under-supplied.

Those experimental externalities offer a closing challenge for OECD members as well the organization itself. We must find ways to encourage experimentation at the building-block level and to ensure that when experimentation is undertaken, it is done using methods most likely to produce credible evidence—real lessons. Often this must be done using randomized control trials, but what is most important is fearless examination of evidence. Changing the culture of assistance is important, we know. But so is nurturing the culture of improvement.

Thank you!