

to the Commission

Rule 136

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**Subject:** The Dutch childcare benefit scandal, institutional racism and algorithms

On 25 May 2022, the Dutch government publicly admitted for the first time that institutional racism in part of the Dutch Tax and Customs Administration was the root cause of the Dutch childcare benefit scandal. This scandal led to the resignation of the Dutch government in 2021<sup>[1]</sup>.

In order to create risk profiles of individuals applying for childcare benefits, the Dutch Tax and Customs Administration used algorithms in which 'foreign sounding names' and 'dual nationality' were used as indicators of potential fraud. As a result, thousands of (racialised) low- and middle-income families were subjected to scrutiny, falsely accused of fraud and asked to pay back benefits which they had obtained completely legally. Thus, the algorithms led to racial profiling.

The consequences were very difficult for many families: Thousands of families went into debt and many ended up in poverty because they were asked to pay back large sums of money (in the tens of thousands of euros), without being allowed the possibility of payment arrangements. Some lost their homes or their jobs. So far, more than 1 000 children have been taken out of their homes and placed in state custody as a result of the accusations<sup>[2]</sup>. These numbers are estimated to be higher. Unfortunately, the custody arrangements for the children do not meet the stringent criteria for child well-being and safety.

The Dutch Government did not react or reacted slowly to the worrying signs and calls from various sectors of society. Victims spent years fighting for recognition and some are still pursuing recognition today. After the resignation of the Dutch Government, the families were promised advance payments or compensation. Unfortunately, due to the broadening scope and complexity of this case, most families have never received compensation. It is also important to realise that some damages – like the loss of a child or a broken relationship – cannot be compensated for so a different approach is needed to offer redress to the families.

1. What has the Commission done about this clear breach of the fundamental rights of EU citizens, which would have justified initiating an infringement procedure in the more than two years since the scandal was brought to light?
2. How has the Commission addressed this issue, given that the EU Anti-Racism Action Plan clearly acknowledges structural racism and the Commission's commitment to fight it?
3. How will the Commission monitor the compensation and justice process for the citizens that have been affected by the childcare benefit scandal?
4. Can the Commission assist in the compensation and justice process of the citizens that have been affected by the scandal?

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<sup>1</sup> <https://nos.nl/collectie/13855/artikel/2364513-kabinet-rutte-iii-gevalen-wiebes-helemaal-weg>

<sup>2</sup> <https://www.dutchnews.nl/news/2021/10/over-1100-children-of-childcare-benefit-victims-taken-into-care/>