

In-Class Activity: The Policy Maker's Dilemma — SOLUTIONS

Digital Finance – BSc Course

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Programmable Money | 20 min | Class Split

Scenario: The government launches programmable welfare payments: CHF 2,000/month per eligible household. The money is programmed with four rules: **(1)** Expires after 30 days. **(2)** Approved categories only (food, rent, utilities, transport, healthcare). **(3)** Geo-fenced to the recipient's canton. **(4)** Real-time audit trail visible to the welfare office.

Side A: FOR programmable welfare

Your 3 strongest arguments:

1. _____
2. _____
3. _____

Side B: AGAINST programmable welfare

Your 3 strongest arguments:

1. _____
2. _____
3. _____

THE TWIST: A single mother's daughter has a birthday. She tries to buy a toy.
CATEGORY: TOY -- NOT IN APPROVED LIST -- TRANSACTION REJECTED.

Both sides: Propose a solution to the birthday-toy problem that preserves your position.

Side A solution: _____

Side B solution: _____

Final class vote: FOR: _____ AGAINST: _____ Abstain: _____

Reflection: Can money be "smart" without being paternalistic?

Answer Key FOR: reduces fraud, ensures funds reach intended purpose, real-time data enables faster policy adjustment, expiry stimulates local economy. **AGAINST:** surveillance of the poor, loss of autonomy/dignity, category lists are paternalistic (who decides?), geo-fencing traps recipients, creates two-tier money. **Twist solutions:** Side A typically proposes a 10% "flexible allowance" or appeals process. Side B argues the twist proves the system is inherently flawed. Core insight: programmability *can* encode bias, and "approved categories" embed value judgments. Real-world precedent: China's digital yuan has expiry features; Australia's Cashless Debit Card restricted welfare spending.