

The background of the slide is a vibrant orange watercolor splash. The splash is irregular in shape, with darker orange and red tones in the center, fading to a lighter, almost white-orange at the edges. There are numerous small droplets and splatters scattered around the main splash, creating a dynamic and artistic feel. The overall composition is centered and balanced.

Welfare States and Participation Income

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*“IMAGINATION IS
MORE IMPORTANT
THAN KNOWLEDGE”
- Albert Einstein.*

Social security schemes in theory...

	Targeted Models	Corporatist Models	Encompassing Models
Basis of eligibility	Means-testing, targeted.	Contributions from employers and employees make up eligibility and subsidies.	Contributions <u>and</u> citizenship.
Involvement of the State and compensation level.	<ul style="list-style-type: none"> - Role of the State restricted to poverty relief, - Minimum compensation. 	<ul style="list-style-type: none"> - The state is a minority third actor, - Compensation dependent on each branch of industries. 	<ul style="list-style-type: none"> - The State has an active and extensive role, - Universal <u>and</u> earnings-related compensation.

Social security schemes: debates and practice (1)

- *Is targeting the poor really efficient?*
 - State can operate on a constrained budget, redistribution goes to individuals most in need.
 - Often results in poverty trap incentive, low take up rates tied to complex bureaucracy, stigmatising process.
- *If targeted strategies are failing, are universal schemes systematically better?*
 - Budgetary constraints cannot allow all subsidies to be distributed to all citizens at the same level.
 - Means-adjusted universal compensation.

Social security schemes: debates and practice (2)

- *Should we be satisfied with the status quo?*
 - Increasing automation and digitalisation trends threaten jobs, but more importantly the organisation of the labour markets in the future,
 - As centrality of work in society decreases, institutions need to be able to accommodate this change in the future.
- *The Finnish UBI experiment.*
 - Universal Basic Income: unconditional and universal cash payment from the state to its citizens.
 - Intention: decrease bureaucracy, increase incentive to work.
 - Experiment: unemployed individuals selected to receive a compensation of 560€ a month.
 - Results: no increased incentive to work, but statistically significant increase in wellbeing.



Participation Income (PI) for policy making

- *A cash disbursement from the State to its citizens in exchange for a socially meaningful contribution, first introduced by the Economist Atkinson in 97.*
- *Why is it any different than other welfare reform proposals?*
 1. *Reciprocity Principle.*
 2. *Malleability .*

PI's elements of analysis

- *Participation criterion.*
 - Define what is socially beneficial or positively contributes to society.
 - Incentivising tool for the State towards specific fields: education/training, volunteering, care-work, etc.
 - Challenges: balance the level of inclusiveness with bureaucracy, formulate criteria clearly.
- *Allocation method.*
 - Cash disbursement from State to its citizens.
 - Challenges: calculation of the compensation base, definition of the compensation method.
- *Monitoring and supervision.*
 - Drawback of conditionality,
 - Challenges: administrative costs tied to the extend of the verification process, privacy concerns, decision-making level and subjectivity to human error.

Participation Income in an imaginary perfect world...

- *Participation – broadly defined, decentralised process.*
 - “Any activity undertaken with the objective to respond to the need expressed by another citizen should be considered as socially beneficial”
 - In addition to easily measurable categories such as education programs, employment situation, etc..
- *Allocation – automatic transfers.*
 - *Compensation base: variable based on hours reported, means-adjusted.*
 - *Compensation method: veracity of reporting calculated with “digital reputation” initiates payments automatically.*
- *Monitoring – digital identity tied to online platform operated by algorithms.*
 - *Individuals are assigned a unique and secured digital identity that provides access to the online government reporting platform.*
 - *Combination of smart algorithm, blockchain processes and human verification ensure truthful reporting.*

Thank you for your attention!
Any questions?

Thank you very much for having me!

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