

BASIC INCOME: OPPORTUNITY OR PROBLEM?

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ABSTRACT

There has been an increase in debate over universal basic income in recent years, mostly related to the different welfare measures introduced in relation to the COVID-19 pandemic around the world, and because of the increasing relevance of labor market automation. In this study, our objective is to evaluate the attitudes of Hungarian citizens towards basic income, with a focus on its feasibility, as well as positive and negative effects. In order to accomplish this, we analyzed relevant international literature to draw up a questionnaire from studies, while also looking at background variables that potentially influence an individual's attitude towards basic income. Results show that Hungarian citizens rather disagree about the feasibility of a basic income scheme in Hungary but they are a lot more agreeable with the EU-s capability to provide one (18.4% compared to 52%, respectively). Regarding its possible positive impacts, the most frequently mentioned items include reducing anxiety about financing basic needs, helping people return to education, and offsetting the effects of automation, while concerns about the idea of not being researched and tested enough, its effects on inflation, and its possible work-discouraging nature were listed as the most relevant negative effects.

Keywords: basic income, Universal Basic Income, welfare attitudes, social protection, public opinion

INTRODUCTION

According to *Van Parijs* (2001), basic income is an income paid by a political community to all its members on an individual basis, without means test or work requirement. The idea has been receiving a lot of attention and traction recently, but the Universal Basic Income – and unconditional cash transfers – are not a new phenomenon. Thomas More and Johannes Ludovicus Vives wrote about providing a minimum standard of living as early as the early 1500s. More argued for this idea based on the reduction it would have on subsistence theft. On the other hand, Vives argued that providing a minimal level of livelihood is a “morally required charity” (*Van Parijs* 2021; *Van Parijs* 2004; *Van Parijs & Vanderborght*, 2017). In 1796, Thomas Paine proposed the introduction of a one-time benefit for all at the beginning of adulthood – a citizen's dividend – financed by a land value tax. His contemporary, Thomas Spence, advocated an even wider distribution of land value taxes in a form

which envisaged a full distribution of the land value tax left after public expenditure had been financed. In his 1796 book, *The Rights of Infants* (Spence, 1797) he wrote that the remaining money from land value tax – after financing public expenditure – should be given to “*all the living souls in the parish, whether male or female; married or single; legitimate or illegitimate; from a day old to the extremest age; making no distinction between the families of rich farmers and merchants and the families of poor labourers and mechanics*” (Spence, 1982, p. 84; Van Parijs 2021; Van Parijs & Vanderborght, 2017).

In 1962, Milton Friedman introduced a measure similar to the Universal Basic Income. In his 1962 work, *Capitalism and Freedom* (Friedman & Friedman, 1962) he coined negative income tax as a method of redistribution, a measure in which people earning under a certain level would not pay taxes, instead, would get a payout, financed by those who earn under certain level (Van Parijs & Vanderborght, 2017; Van Parijs, 2021). During this period, in the 60s and 70s, a large number of Universal Basic Income Trials took place in North America, including New Jersey, Pennsylvania, Seattle, Denver, and Manitoba, in Canada, which even to date, it is one of the best documented trials.

In this study, the objective of the authors is to evaluate the attitudes of Hungarian citizens to universal basic income with regards to its feasibility, general support, its possible effects on poverty, employment, education and many others by means of a questionnaire drawn up from relevant international surveys of the topic, following a systematic literature review aiming to point out the different variables that influence attitudes to basic income.

The research questions formulated to address attitudes were the following:

- To what extent does the population support the introduction of a basic income in Hungary and in the European Union?
- What is the opinion on the feasibility of a basic income, and its positive and negative effects?
- Which factors have a significant influence on attitudes towards basic income?

There are multiple reasons for the increasing attention to Universal Basic Income, but the two most prominent and obvious ones may be the COVID-19 pandemic, and the increasing importance of workplace automation – to which Universal Basic Income was connected to, as a possible measure to offset its enormous impact on the labor market, and with it, on people’s livelihood. (Manyika et al. 2017; Dermont & Weisstanner, 2020; Cseh & Varga, 2020; Kőmives & Szabó, 2021).

MATERIALS AND METHODS

First of all, the available international literature on the topic was evaluated in order to construct a survey that would be sufficient to assess the attitudes of Hungarian citizens regarding Universal Basic Income. The first step of this was conducting a systematic literature review, as stated earlier. These were supplemented by surveys on basic income available on the internet and grey literature.

Within the framework of our primary research, a survey was conducted among Hungarian citizens (n=125), which is not representative. In this research the authors

did not target specific age groups or specific occupational categories as the objective was to reach as a wide variety of people as possible.

To evaluate the data of the survey, descriptive statistical methods were used and the Cross-Tabulation Analysis examined the relations of background variables and different answers, during which we also considered Cramér's V to evaluate the strength of their relation. To measure the statistical significance of different variables, Pearson's Chi square (χ^2) test was carried out. The statistical analysis was performed with SPSS statistical software. We considered statistical results to be significant at $p < 0.05$. To evaluate one to five Likert scales and background variables, one-way analysis of variance was used.

The composition of the sample used

The target group of the research was the Hungarian population without any targeting towards age, employment, or any other background. The demographic variety of the sample used can be seen in *Table 1*.

RESULTS AND DISCUSSION

In the first chapter of the questionnaire, our objective was to evaluate the knowledge and general attitudes of citizens to the Universal Basic Income. The first screening question was a simple yes/ no one if they have ever heard about the Universal Basic Income. 80% of people taking part in the questionnaire have heard about it before, and only 20% have not. We did not disregard the answers of those who had not heard about it before, since at the beginning of the survey, Universal Basic Income was described by 2 different interpretations, which is usual in surveys like this. The two descriptions were that of *Van Parijs* (2004) and the *ESS Round 8: European Social Survey* (2020) as shown below.

“A basic income is an income paid by a political community to all its members on an individual basis, without means test or work requirement” (*Van Parijs*, 2004, p. 2)

“The government pays everyone a monthly income to cover essential living costs.

- It replaces many other social benefits.
- The purpose is to guarantee everyone a minimum standard of living.
- Everyone receives the same amount regardless of whether or not they are working.
- “People also keep the money they earn from work or other sources.” (*ESS Round 8: European Social Survey*, 2020, p. 48)

The last part of the definition from the European Social Survey also included a statement that Universal Basic Income is paid for by taxes. We have left this part out intentionally, since later on during the survey, we ask participants about the possible ways to finance a basic income scheme and including this part would have been a cause for confusion.

Table 1: Demographic composition of the sample analyzed (n=125)

Category	Share, %
Gender	
Male	46.4
Female	53.6
Age	
23 and under	37.6
24-39	32
40-53	20
54-65	7.2
65+	3.2
Residence	
Capital city	17.6
City with county rights	42.4
Other City/town	14.4
Other settlement	25.6
Education	
Primary education	0.8
Vocational or technical school	6.4
Certificate of secondary education	48
Higher education	44.8
Current occupation	
Active blue-collar worker	10.4
Active white-collar worker	41.6
Entrepreneur	0.8
On maternity/paternity leave	2.4
Retired	4.8
In education	36.8
Homemaker? housewife?	0.8
Unemployed	0.8
Inactive	1.6
Political self-identification	
Left	23.2
Center	48
Right	28.8
Ever received unemployment benefit	
Yes	22.4
No	77.6
Perception of relative income situation	
We make a very good living, and we can save a lot savings	24
We make a living, but we can only make a little savings	55.2
Just enough to live on, but we can't save anything	20
Sometimes not even enough to live on	0.8
We have regular daily livelihood problems	-

Support for introduction

In the next part of the survey, questions were focused on the introduction and feasibility of a Universal Basic Income in Hungary and in the European Union. Support for European and Hungarian introduction is presented by *Table 2* and *Table 3*.

Table 2: Should the introduction of a Universal Basic Income take place within the European Union in the forthcoming decades? (n=125)

Category	Share, %
Entirely disagree	8.8
Rather disagree	12.8
Neutral	20.8
Rather agree	33.6
Entirely agree	24

Table 3: Should the introduction of a Universal Basic Income take place in Hungary (independently of the European Union), in the forthcoming decades? (n=125)

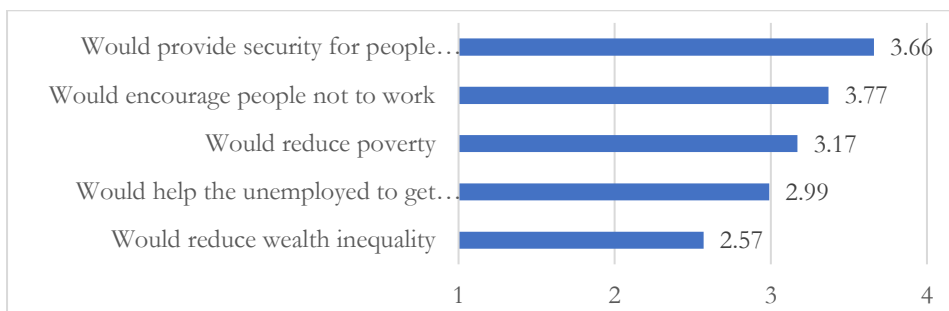
Category	Share, %
Entirely disagree	12.8
Rather disagree	13.6
Neutral	22.4
Rather agree	32
Entirely agree	19.2

Support did not vary much between the introduction of the Universal Basic Income in the EU and in Hungary, respectively. In general, support for EU introduction was 6.4 percentage points stronger (57.6 vs. 51.2).

Feasibility and perceived effects of a basic income

The fourth and the last chapter of the questionnaire was designed following relevant international survey on attitudes to the Universal Basic Income. The survey also included in the literature review part earlier was the one carried out by *Dalia Research* (2017), *Yonder Consulting* (2018), and *YouGov* (2020). This chapter focuses on the individual perception of the effects about the introduction of a universal basic income, in general, both with positive and negative examples and on a personal level, as well.

The first question presented had a more general approach without differentiating between positive and negative effects regarding wealth equality, poverty and the workforce. The question was aimed at evaluating to what extent respondents would agree with the statements about the Universal Basic Income. The results are illustrated by *Figure 1*.

Figure 1: General statements about basic income, 1-5 Likert scale (n=125)

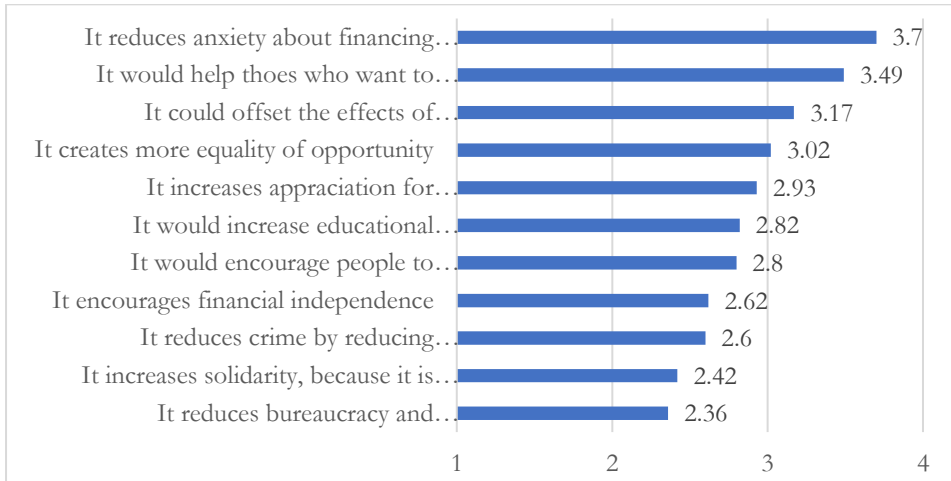
As stated earlier, universal basic income has been mentioned in connection with job losses due to widespread automation, and the COVID-19 pandemic, which makes these questions ever more relevant and also helps us to understand why this option has received the highest score. Coming out of a period with increased job insecurity with the shadow of another work-displacing phenomenon makes it hard to find a better reason for support than providing financial safety and security. The relatively high score of its discouraging work is not a surprise, either. The idea that a guaranteed cash transfer would make people choose not to work is the oldest and most frequently used argument against basic income. The questions of whether it would help the unemployed get back to the labor market and/or whether it would encourage people not to work can be argued from both sides. On the one hand, an unconditional payment could act as an incentive when compared to conditional ones like unemployment benefits – a payment that individuals lose when they return to work. In the Finnish Basic Income Experiment between 2017 and 2018, those who received a universal basic income started new jobs more frequently than those who were on unemployment benefits (the control group) (Kangas et al., 2019). On the other hand, providing people with enough to live on might discourage people from working, especially in low-end jobs, which, after getting a sufficient amount of income, people would deem not good enough to do.

The next question in this chapter was about the perceived positive effects of the Universal Basic Income (Figure 2) based on surveys from *Dalia Research* (2017), *Yonder Consulting* (2018) and *YouGov* (2020).

In the *Dalia Research* (2017) survey mentioned above, the statement about reducing anxiety about financing basic needs was the most supported option. To compare the results of the survey of *Yonder Consulting* (2018) on the adult population of the United Kingdom where the authors used two questions, namely, whether a basic income would increase educational attainment, and it would reduce crime by eliminating destitution and extreme need, the following can be concluded. For the crime reducing extent of the basic income, results were really similar to the original one: 2.6 and 2.54, respectively. A statistically significant result can be found regarding an individual's political self-identification. Those on the political left have significantly been more agreeable to this statement than those on the right. ($SS=26,192$; $df=4$; $MS=6.548$, $F=4,979$; $P=0.001$) To the issue of whether basic income would

increase educational attainment, the Hungarian participants gave a 2.82 score on the average while in the United Kingdom, it was 2.34.

Figure 2: The positive impacts related to a universal basic income (n=125)



A significant difference between genders can be observed regarding the promotion of financial independence. While the average score for this option was 2.6, the difference between genders amounted to 2.33 for men and 2.88 for women. Using ANOVA test, the results are the following: $SS= 9.507$; $df=1$; $MS=9.507$, $F=8.019$; $P=0.005$. A similar result can also be found when looking at political self-identification. Individuals who align with the political left agree more with this statement than those on the political right ($SS= 28.251$; $df=4$; $MS=7.063$, $F=6.669$; $P<0.001$).

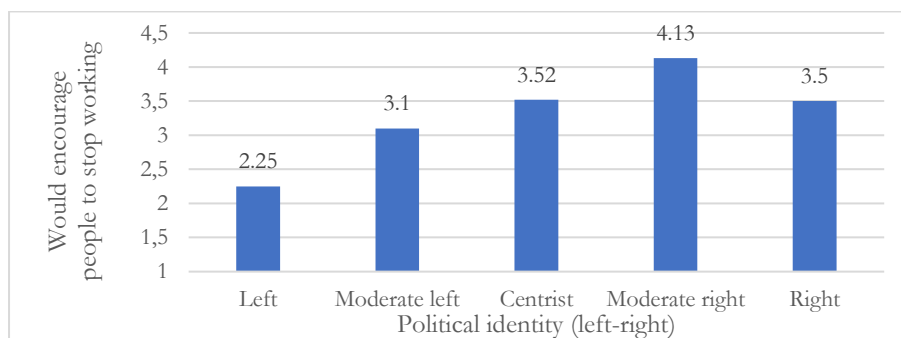
The following part presented negative impacts associated with the Universal Basic Income for participants to judge (*Figure 3*), based on the surveys of *Dalia Research* (2017) and *Yonder Consulting* (2018).

Figure 3: The negative impacts related to a universal basic income (n=125)



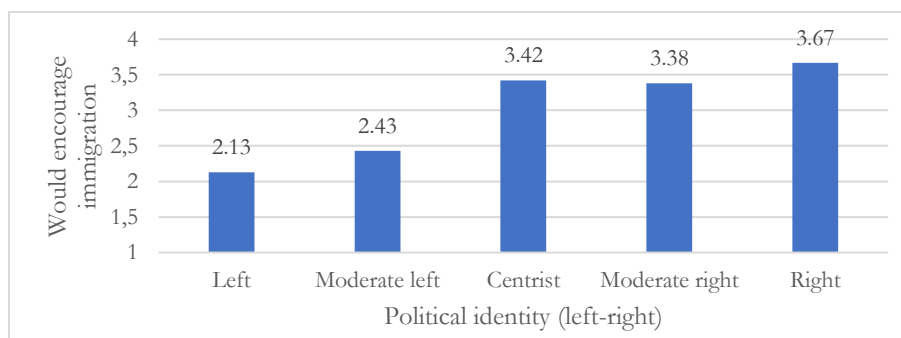
Participants were most concerned about the idea of the basic income not being tested, researched, and developed enough, with an average score of 3.79 out of 5, with increasing inflation being the second one, with an average score of 3.49. The statement about causing inflation ended up with a lot smaller average score in the original survey of *Yonder Consulting* (2018), at only 2.18, which is 1.31 less. However, with widespread price increases of everyday products and constant news about inflation, both globally and nationally, it is understandable why participants worry about a possible new type of potentially great government expenditure, which makes it hard to compare these results to the pre-pandemic ones. Regarding whether a basic income would encourage people to stop working and whether it would act as an incentive for immigrants to come to our country, statistically significant results can be found – again, based on political self-identification. Both for the work-discouraging (SS=25.282; df=4; MS=6.321; F=5.664; P<0.001) statement (*Figure 4*) and for the immigration encouraging (SS=27.875; df=4; MS=6.969; F=4,727; P=0.001) statement (*Figure 5*), those on the political right were more agreeable.

Figure 4: Political identity and the discouraging nature of a universal basic income, 1-5 Likert scale (n=125)



Note: SS=25.282; df=4; MS=6.321; F=5.664; P<0.001

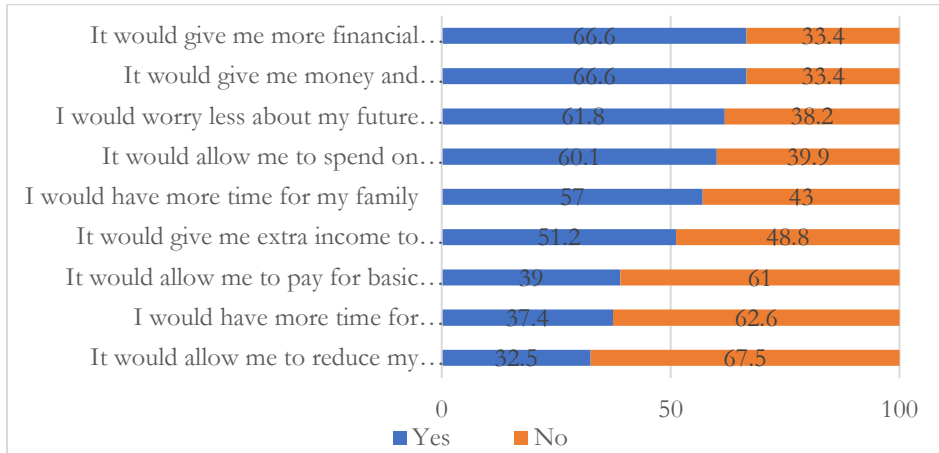
Figure 5: Political identity and the immigration encouraging nature of a basic income, 1-5 Likert scale (n=125)



Note: SS=27.875; df=4; MS=6.969; F=4.727; P=0.001

The final question of this section and the questionnaire was about different personal changes, as well as how participants see these would be relevant to them personally. The question was based on the survey of *YouGov* (2020). The results of the question are presented in the *Figure 6*.

Figure 6: Perceived personal effects of a universal basic income (n=123)



The most frequently selected two answers were about gaining financial independence and having the money and opportunity to gain further education or training. Opportunity in the second statement refers to the fact that after working, most people are not able to or allowed to go back and gain new or further education because it would be impossible to do so while working full time. With a basic income benefit, it would be possible to eliminate this trap, providing a basic standard of living that would allow workers who feel stuck in their career to adapt to a new one through education in the same ways as a basic income could solve the unemployment and poverty traps (*Clark & Kavanagh, 1996*). These options were selected a lot less often by the participants of the original *YouGov* survey, 29% and 19%, respectively. Investigating the statement about a basic income allowing the respondent to spend more on leisure activities (60.1%, compared to 24% in the original survey) Pearson's Chi-Square test yielded significant results regarding overall family income (Chi-Square=19.339, df=3, P>0.001; Cramer's V=0.397).

CONCLUSIONS

This study is aimed to investigate the general attitude of Hungarian citizens to basic income. In one of the most frequently cited reports of the topic, the 8th Round of the European Social Survey, Hungary was one of the countries with the highest level of support (*Lee, 2018*). To further investigate this issue, we used the surveys already tested and conducted while focusing on background variables that might have a significant influence on an individual's attitude to basic income. To conclude, we can

say that support for a basic income is considerably higher than in the European Social Survey mentioned before. For background variables, it can be concluded that the most important one is in line with the literature – political self-identity or self-placement is the most significant determinant of an individual's attitude to a basic income.

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