

## Basic Income 2021: road to safety!

In our study Basic Income 2021: Road to Safety we introduce the reasons **for the necessity of the implementation of basic income in Hungary**. We argue that the aim of deconstructing the government's System of National Cooperation (NER) must entail the objective of establishing a more just and compassionate society. **We also argue that from a society based on uncertainty** – which means the lack of freedom, as well as dependency and poverty – **we must arrive to a society founded on safety**, which is home to existential security and freedom.

We make arguments of general philosophy, politics and practicality to underline the importance of basic income, followed by **the introduction of our basic income program, which** – although might not be the classic type of unconditional basic income – **could radically transform the Hungarian social structure and bring us closer to a just and compassionate society**, which cannot stand starvation and poverty for any of its citizens.

**Our basic income program provides 50.000 HUF (140 EUR) for children under 18 years of age; it provides 100.000 HUF (280 EUR) supplement to the income of those whose wages do not reach this amount; it provides a minimum of 150.000 HUF (420 EUR) to pregnant mothers, and provides a 50.000 HUF (140 EUR) workers' basic income to complement the minimum wage of 200.000 HUF (560 EUR) for workers**, which – due to its slow derecognition – increases the wages of low- and medium-income workers up to a gross of 510 000 HUF.

**Our basic income program affects 70% of the society directly in the form of income growth**, but has significant positive effects on the whole of the population (improved public safety, improving general health conditions and school performance, decreased proportion of school leaving, narrowed payment gap between men and women, etc.), which we elaborate on in the subsection titled *Social consequences* under the chapter *The social and macroeconomic effects of the implementation of basic income*.

**The net amount of resources necessary for our basic income program is 3389.7 billion HUF (950 million EUR)**, which is covered by four pillars. The first pillar is the termination or reduction of redundant and wasteful state investments and operational expenses, which would mean the saving of 1432.655 billion HUF (400 million EUR). The second pillar comes from abolishing overpriced procurements (in other words: stealing); this would bring 710.45 billion HUF (200 million EUR). The third source is made up of the savings generated by a progressive economic policy, which would result in a funding of 221.25 billion HUF (61 million EUR). The fourth pillar is the total of tax and contribution income increased by the income flow, which would result in saving 1838.296 billion HUF (513 million EUR). **The four pillars together make up altogether 4202.651 billion HUF (117 million EUR) as an exploitable resource.**

In connection with the basic income program, **there are expenses of which some are temporary, some permanent.** Such is the resource estimate for the minimum wage increase or the temporary expenses coming from the rearrangement of the labour market generated by the termination of state investments. Financing the program requires these expenses to be manageable for the system. Depending on whether we work with a model calculation based on a one-year or two-year transition, these additional expenses move between 343 and 635 billion HUF per year. **The 4202.651 billion HUF (117 million EUR) funding provided by the four pillars means a positive balance of 178-470 billion HUF (50-130 million EUR) next to the 3389.7 billion HUF (950 million EUR) net amount of the basic income resource estimate and the annual implementation cost of 343-635 billion HUF (95-177 million EUR).** The significant positive financing balance shows the future sustainability and the possible extension of the program, as well as guarantee sufficient space for manoeuvre in the present for the management of the implementation's any potential unforeseeable costs.

**Our basic income program,** as it becomes clear from the detailing of the finances, **does not contain tax increase or the introduction of any new tax type.** There are two reasons why we have not touched the present tax system: firstly, we wanted to show that the implementation of basic income was possible in the current system of taxation, i.e. Viktor Orbán himself could also implement it tomorrow, if he decided. Secondly, we also wished to show that a fair tax system could secure enough funding for programs that are essential in the areas of healthcare, education, housing, climate protection, etc. (see also: subsection *And what about taxes?*).

Our study shows that **sectoral developments, the integration of human capital, the program for the establishment of the green economy, and basic income are concepts that can be realised together, complementing, rather than excluding each other.** The Hungarian tax system must be made to become fair, not because of basic income, but because it is unfair.

After the introduction of the program's eligibility for funding we discuss the aforementioned social consequences and macroeconomic effects, explaining the temporary one-year or two-year-long effects of the implementation in the latter. We explain the effects on state debt, inflation, and foreign trade, as well as elaborate on the consequences regarding the local economy.

Following the concluding summary of the study we provide a Q&A section with 12 frequently asked questions and counterarguments in connection with basic income and its implementation. This is followed by the chapter titled *Tables*, and lastly the *Annex*.

The appendix ending this study contains the **review and elaboration of a number of topics, which could not make it into the main text, but are closely connected to it.** In the appendix, we review the effect of basic income on individual behaviour on the labour market, the possible connection between the Modern Monetary Theory and basic income, the effect of

the 2020 pandemic and the crisis on abasic income, and Hungarian basic income initiatives for crisis management. In the appendix, we also touch upon the possibility of basic income as an allowance in kind, basic income experiments from the recent past and the present, and the European Citizens' Initiative launched on the 25<sup>th</sup> of September, 2020, which is aims for the "implementation of universal basic income across the EU that would guarantee financial safety and social participation for all as part of the economic policy." In case the initiative succeeds, the European Commission will make its recommendation on the implementation of basic income programs all across the EU "in order to strengthen the EU's economic, social and territorial cohesion."