

Public Perception of the Basic Income in the Czech Republic in the Twenty-first Century

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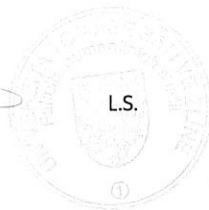
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ABSTRAKT

Tato bakalářská práce se zabývá nepodmíněným základním příjmem z pohledu řadových občanů. Práce se dělí na teoretickou a praktickou část. V teoretické části je rozveden základní příjem. Praktická část se zabývá pohledem občanů na základní příjem. Rozebírá rozdíly mezi současným systémem sociálního zabezpečení a základním příjmem a případnými důsledky jeho zavedení. Dále vyhodnocuje dotazník, který ukazuje úroveň znalostí českých občanů ohledně základního příjmu a také jejich postoj vůči tomuto systému.

Klíčová slova: Nepodmíněný základní příjem, systém sociálního zabezpečení, Česká republika, občané

ABSTRACT

This bachelor thesis focuses on the unconditional basic income from the perspective of the Czech citizens. It is divided into theoretical and practical part. The theoretical part contains various pieces of information about the basic income. The practical part focuses on the attitude of the Czech citizens towards the basic income. It compares current welfare system in the Czech Republic and the basic income and illustrates possible outcomes of the basic income implementation. Furthermore the practical part contains a survey which portrays the citizens' knowledge and opinions of the basic income.

Keywords: Unconditional basic income, welfare system, Czech Republic, citizens

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INTRODUCTION

Unconditional basic income is not entirely a new idea, which might however solve many social problems, which need to be addressed. As our society deals with the problem of diminishing number of workplaces because of new technologies and machines which manage to cover the work needed, the basic income idea becomes more and more current. Since it is impossible to reach 0% unemployment rate, the society needs to be ready to help the people who are unemployed. The traditional welfare system which is supposed to deal with this problem is often too complex and clumsy and basic income could simplify the system greatly. Basic income also strives to change the point of view of our society on kinds of work which are truly valuable and gives each person freedom to decide about their workplace. The debatable part of implementing the unconditional basic income is its behavioral impact on people and its financing. Because the basic income is not implemented anywhere in the world in its full potential, it is only possible to speculate what would truly happen. However I believe that the Czech Republic is not ready for accepting and implementing unconditional basic income as most of its citizens would not see it as beneficial.

The goal of this thesis is to determine the actual changes for Czech citizens if the basic income was implemented, how much is the public acquainted with the idea of the unconditional basic income, which of its attributes citizens find the most appealing or, on the other hand, the most ill-favored and the whether the opinion of the general public is positive enough to dedicate research to find possible ways to implement it.

This thesis is divided into theoretical and analytic part. In the theory, definition and history of the basic income will be discussed as well as description of basic income initiative and states which already implemented basic income idea or are in the process of doing so. Lastly, the theoretical part will contain description of arguments supporting basic income and its contra arguments.

The analytical part will contain a system analysis of the current social welfare in the Czech Republic, an analogy of the current welfare system and the basic income, a survey, as a quantitative research method, answered by the general public in the Czech Republic.

I. THEORY

1 GENERAL BASIC INCOME

This chapter will introduce the unconditional basic income. It contains its definition and elaborates on it, it briefly discusses the history and possible ways of financing the basic income.

1.1 Description

The concept of basic income is very simple, but a little more difficult to implement in our contemporary society. The basic income means that every member of the society would receive certain amount of money which would ensure a decent living for him, although he would not be obliged to work. He or she could work to higher their income or for pleasure or for any reason but existential needs. (Basic Income Earth Network 2016)

“A basic income is an income unconditionally granted to all permanent members of society on an individual basis, without means test or work requirement.” (Birnbaum 2012, 3)

The overall aim is to lower the poverty rate and improve the living conditions of all people and install more human oriented approach. It would be much easier to be for example full time mother or taking care of the elderly relatives instead of choosing day-care as soon as possible or the rest-home because of the lack of income. It could restore close relationships in and among families, although it requires effort of the society members to move in this direction.

It is an alternative to the current welfare system in the Czech Republic. Basic income is also sociological and philosophical issue. The advocates of basic income aim to ameliorate working conditions - because the workforce would be more appreciated since the employees could leave easier as no or much less existential problems would face them.

The proponents of the basic income are mostly left-wing activists, called Libertarianists. Among these is one of the most famous Philippe Van Parijs, a Belgian philosopher and professor at the Université Catholique de Louvain who publishes books and articles concerning the idea of an unconditional income. Another well-known proponent is Guy Standing, who is a British professor at London University. He is also one of the founders of Basic Income Earth Network. In the Czech Republic, one of the proponents is Doc. PhDr. Marek Hrubec, PhD, a philosopher and a social scientist.

1.1.1 Relative Concepts of Social Politics

Beside the general basic income, there are other terms which are similar in the sense of improving the living conditions of the lower class; however they differ in some aspects. The two most known are negative income tax and social dividend. The negative income tax means that people, who would not reach certain amount of minimum income, would receive money instead of paying it to the government in the form of taxes. The main positive is lowering the administrative expenses of the welfare system, because this would happen automatically, without the need to submit any paper forms and processing them. The negative income tax concept then differs in the amount of money which is given to each individual in the form tax returns. What is set is the negative income threshold. (Investopedia, s.v. “Negative Income Tax - NIT,” accessed March 31, 2016, <http://www.investopedia.com/terms/n/negativeincometax.asp>.)

Social dividend is a redistribution of economic profits to the citizens. It can be generated by publicly owned enterprises or by the extraction of resources located in publicly owned land. Just as the basic income or negative income tax, its main aim is to eliminate cost of social welfare. To some extent, an example of this is Permanent Fund Dividend in Alaska. (Searle 2013)

Below are two tables comparing unconditional basic income and the negative income tax. The income tax rate would have to be much higher than the current 15 % in the Czech Republic. For the purpose of this thesis, 40 % tax rate is applied in the tables. Also the numbers were chosen so that the beneficiary with no income would receive 10,000 Czech crowns which nears the current minimum wage in the Czech Republic and the outcome would be the same for each wage or salary. In the tables it is possible to see, that progressive taxation is implemented in both schemes and that the unconditional basic income requires more involvement of the state as more money would be collected and then redistributed.

Table 1. *Negative Income Tax example in Czech Crowns.* (self-created)

Monthly income	NIT threshold	Tax 40 %	Net income	Net tax
0	25,000	-10,000	10,000	0 %
10,000	25,000	-6,000	16,000	0 %
25,000	25,000	0	25,000	0 %
40,000	25,000	6,000	34,000	15 %

50,000	25,000	10,000	40,000	20 %
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Table 2. *Basic income example in Czech Crowns. (self-created)*

Monthly income	Basic income	Tax 40 %	Net income	Net tax
0	10,000	0	10,000	0 %
10,000	10,000	4,000	16,000	0 %
25,000	10,000	10,000	25,000	0 %
40,000	10,000	16,000	34,000	15 %
50,000	10,000	20,000	40,000	20 %

1.2 Financing

Two main sources of the basic income financing are taxes or revenue generated by public enterprises or state’s natural resources. The cash generated by public enterprises would be distributed to the citizens in the form of shares just as would be the worth of the extracted natural resources or a part of its worth as it is in Alaska nowadays. The most popular source is value added tax, which would have to rise to 50 %. However, this change could reflect upon prices of the final products which would mean that the citizens would pay more for goods in order to receive the basic income, therefore the outcome would be indifferent. Another source is the income tax, which would have to rise at least to 40 % and it is described in the table number 2 (above). Other sources for the basic income could be luxury tax or ecological tax. Most sources have potential to educate the public and set the values in the society as it would for example provide incentive to save the environment and invest in the renewable energy resources in the case of the ecological tax or stimulate the people against overspending in the case of the luxury tax. (Santens 2014) Careful planning of the financing is necessary not only for feasibility purposes but also for psychological reasons.

1.3 History

1.3.1 From 16th to 19th century

In 1516 Thomas More published his book called Utopia in Louvain. This work was the first to contain a glimpse of helping the poor in the sense of guarantying an income. His arguments were, that giving some income to the poor would discourage them to steal as

they would not be in the desperate situation of not being able to provide for their family. Also the number of death sentences of thieves would lower.

However the first one to truly think of a basic income was More's friend Johannes Ludovicus Vives. He was a professor in Louvain and spent most of his life in Bruges. There he addressed the town's officials and proposed that all citizens in need should receive certain amount of money if they prove they value to the community, in other words they are willing to work. From today's point of view his idea was strongly based on religion and was rather socialistic in that the wealthy should not retain for themselves what God created for all. He also came to the conclusion, that the income should be received even before the actual need for it, so it would prevent desperate actions as theft. And this idea is what laid foundation for actual basic income.

During the French revolution, the idea of an income to the poor rose again, this time thought of by Marquis de Condorcet. He introduced an idea which was a little removed further from the basic income scheme, because the proposal was, that an income in the situation of need would be only paid to those who would previously drain some percentage of the income to the government. However in his work he also proposed that young people who come of age and are able to work and start a new family should also receive some money, because these actions are valuable to the society.

In 19th century, the idea of basic income first appeared as universal – applying to all. Josef Charlier elaborated his idea on thoughts of his predecessor, Charles Fourier. In his work "Solution du problème social ou constitution humanitaire" he first formulated the idea of basic income to be general and unconditional. That is how he differed from Charles Fourier. However Charlier's concept was not accepted well and he was soon forgotten. (Basic Income Earth Network 2016)

1.3.2 20th and 21th Century

In 20th century first real discussion and first experiments of the basic income were realized. After the Second World War in 1918 several works about the basic income were published, where one of the authors was Nobel laureate in literature Bertrand Russell. Another was Dennis Milner, member of the Labour party, who formulated most of the argument later used in the discussions. In 1960's a Nobel Prize laureate proposed a negative income tax as a simplification of the American welfare. It was much discussed on the political level and several versions were created, but this idea was definitely rejected in 1974. From that point

the basic income idea was discussed mainly among academics. From 1980's the idea of basic income reappeared in the European states like Denmark, Netherlands, Britain, Germany and France. The voices of the basic income proponents have grown louder, conveying the debates from academic ground to the general public.

(Basic Income Earth Network 2016)

2 INITIATIVE FOR UNCONDITIONAL BASIC INCOME

The European Citizens' Initiative is innovation of the Treaty of Lisbon. It enables the citizens of European Union address directly the European Commission in a matter of proposing a legal act if their numbers are a minimum of one million. The initiative is not affiliated to any political or other organizations. (European Commission 2016) In 2013 the European supporters of the basic income submitted their initiative to the European Commission.

2.1 European Citizens' Initiative for an Unconditional Basic Income

The European Citizens' Initiative for an Unconditional Basic Income consists of European citizens who strive to implement the basic income as a new human right. Their main aim was to bring the European Parliament's attention to the idea of basic income. In one year time, from January 14th 2013 to January 14th 2014, they had to collect one million signatures supporting the basic income in the European Union. Each state was assigned a number of signatures needed. (European Citizens' Initiative for an Unconditional Basic Income 2014)

On January 15th the initiative released a statement to the press, stating they had collected 285,041 signatures from 28 countries, therefore they have not succeeded in arranging a public hearing for their initiative in the European Parliament. Nevertheless, the organizers were impressed with the large support within the final weeks of campaign and they were also satisfied with growing number of their supporters. The most supportive countries were Bulgaria – which even more than doubled the quota of signatures with 32,006 – Slovenia, Croatia, Belgium, Estonia and Netherlands, which have all fulfilled their quota. On the other hand the least supportive were Lithuania, Latvia and Cyprus with not more than 500 signatures all together. (Jordö 2014) Therefore the initiative was not successful in the try to implement the basic income, but it was successful in shedding some light on this idea and starting discussions about it throughout the social spectrum.

2.2 In the Czech Republic

The initiative in the Czech Republic is the branch office of the European initiative. Its role was to promote basic income in lectures, articles and in social media. Also their task was to collect the signatures in the Czech Republic. The quota assigned to the Czech Republic was 16,500 signatures and the actual number of citizens who expressed their support was

4,572 – which is 27, 7 % of the quota and 0, 04 % of the total population of the Czech Republic. (Haimann 2014) The public acceptance of the basic income in the Czech Republic was not very high, the Czech Republic was situated in the bottom half of the list of countries where the signatures of support were collected.

3 STATES WITH GENERAL BASIC INCOME

This chapter will portray the schemes of the basic income in several states and also will describe the preparation of implementation of the basic income in two states at this moment.

3.1 Countries with Features of the Basic Income in 2016

In 20th century, many experiments of basic income implementation were made, including Canada, United States and Namibia. These experiments were carried out locally, in a small scheme. In Namibia this experiment helped to lower the extreme poverty rates as well as the rates of malnourishment of children and adults. This success persuaded the officials to keep distributing small income to the citizens. (Murray and Pateman 2012, 7) Other countries which implemented the basic income idea are Brazil and Alaska. They implemented it nationwide although not in its full potential.

3.1.1 Brazil

In 2004 Brazil implemented social politic called Citizen's Basic Income. This was enabled by a bill, which was first introduced in 1991 by the senator Eduardo Suplicy. This social policy was to establish the basic income over the course of time, firstly facilitating families whose income was under a certain agreed level expressing poverty. Further expectation was to enlarge the number of recipients until the basic income would be distributed to everybody. In its beginnings it supported about 5 % of Brazil's population. Currently it supports about 25 % of Brazil's population. However this income is not totally unconditional, because to receive it, families must fulfill certain obligations such as sending children to school or undergo compulsory vaccinations. (Nagarajan 2012) All in all, Citizen's Basic Income is not an unconditional basic income in its true meaning, but it is meant to be in the future.

3.1.2 Alaska

Alaska was the first to introduce the basic income in its full scheme. It is called Permanent Fund Dividend and it has been working since 1982. Alaskan constitution states citizenship's ownership of land and since 1967 oil has been extracted from this land. Then in 1976 a state referendum created the Alaska Permanent Fund – assets which were to be invested into from the oil revenues. And in 1982 the Permanent Fund Dividend became part of Alaska Permanent Fund. The value of the Permanent Fund Dividend fluctuates with

the market and it comes from the return of investments of Alaska Permanent Fund. (Widerquist 2013) The highest value of Permanent Fund Dividend reached 2,717.88 dollars apiece in the year 2000 as opposed to the lowest, which was in 1984 – nearly 800 dollars. In 2015 the Alaskans were paid 2,072 dollars. (Doogan and Klint 2015) In a conclusion, all Alaskan citizens receive a perpetual income, which is however very modest - in 2015 it was approximately 172 dollars a month - and it does not cover all of one's basic needs like food, shelter and clothing, because in 2015 it was approximately 172 dollars a month.

3.2 In the Process of Preparation

In 2016 there are two countries heading towards implementation of the basic income. It is Finland, which is in the process of research and preparation of a pilot project and Switzerland, which holds a national referendum concerning the basic income in June.

3.2.1 Finland

Finland is now proceeding to the universal basic income experiment. In October 2015 a working group of researches under the leadership of Kela - Social Insurance Institution of Finland - has launched a preliminary study, which is to analyze possible forms of the basic income. In spring 2016 the Finnish government will be presented with a review of all available information about the basic income and in the second half of the year 2016 an analysis of experimental models will be produced. (Kela 2015a) Then the decision about the form of the basic income will be made – whether it will replace the welfare completely or partially or whether it will be in the form of negative tax income. (Laterza 2015) The actual basic income experiment will not be launched before 2017. In late September 2015 Kela initiated a survey among the Finnish citizens concerning the basic income. Almost 70 % expressed their support to the basic income scheme. On average the Finnish believe, that the appropriate amount of money for the basic income is 1000 euro per month. (Kela 2015b)

3.2.2 Switzerland

Switzerland will be the first country to have a national referendum regarding the basic income. It is the outcome of the European Initiative for Basic Income, which managed to collect 125,000 signatures in Switzerland. This referendum is set to be in June 2016. The sum of money would be 2500 Swiss francs per month, which is about 2300 euro, to each

adult and 625 francs to each child (approximately 570 euro). The cost of this program would be 208 billion of Swiss francs and it would be financed partially from taxes (150 billion) and the rest would be transferred from social insurance and social assistance spending. (Henderson 2016)

On January 27th 2016 DemoSCOPE released results of a survey concerning the basic income, which it conducted in Switzerland. There were 1076 respondents. Although only 2 % of respondents stated, that they would stop working, majority of the Swiss think that the basic income will never happen (56 %). The remaining respondents think it will become reality in 10 years (16 %), 25 years (15 %) and 3 % of respondents think it will be implemented after the referendum. (Jourdan 2016)

4 GENERAL SUPPORTING AND CONTRA ARGUMENTS

This chapter contains main arguments for and against the implementation of the basic income. As the basic income in its true potential is not implemented anywhere in the world the debate about its possible outcomes is intensive. Both proponents and opponents have valid arguments concerning the basic income, but only time can show which of them are relevant.

4.1 Supporting Arguments

The proponents concentrate mainly on a human as individual, social values and living with dignity. As a collateral fact the amount of administrative work should diminish together with its expenditures for the state.

4.1.1 Loopholes in the Current Welfare System

The current welfare system in the Czech Republic is complicated. An ordinary citizen does not know exactly what he or she is entitled to. In the case of need – for example in the case of maternity leave or loss of work – an extensive research is needed to find out. Then, the total amount of money, a citizen is entitled to, is divided in several chunks under different names and therefore different paper forms needed to submit a request for the support. The concept of basic income would simplify this process greatly. It would lower the cost of these administrative operations. (Babcock and Handler 2006, 23-24) Also, the poverty trap is something preventing people from work. It means that accepting a work offer would actually lower the person's income; therefore he remains unemployed and lives of the social support. (Investopedia, s.v. "Poverty Trap," accessed March 31, 2016, <http://www.investopedia.com/terms/n/negativeincometax.asp>.) In a conclusion the current welfare system in the Czech Republic is in serious need of reorganization it only remains to be seen, whether the basic income will be part of it.

4.1.2 Working Conditions and Freedom

With the introduction of the basic income the workforce would become more valuable. This would lead to improvement of working conditions and benefits as the employers would have to make an effort to retain the employees, because the employees would not be under such pressure to maintain the work. (Babcock and Handler 2006, 25) Furthermore, the society could become more socially-oriented. For example, either one of the parents could stay at home with the children and not hasten the return to work for existential

reasons. Or the adult children could take care of their elderly relatives instead of putting them into rest home. The basic income provides freedom and a real opportunity to approximate healthier life with lower amount of stress. Also, there are work positions which are not paid and this work is done by volunteers. For example in Germany, the amount of voluntary work is larger than the amount of the paid work. Mostly this work is equally valuable for the society as the paid work, yet it is not evaluated by money. The basic income could change this inequality. (Caputo 2012, 196) The society has set value of paid work to be more valuable than the unpaid work. This has not changed for centuries, although the society has changed. Perhaps it is time to revise those values.

4.1.3 Change of Economy Demands Reformation of the Welfare System

Our economy has changes in various ways. The most significant change is automation which results in diminishing number of work places for unskilled or semiskilled workers. The unemployment will most probably rise over a longer period of time as more machines will be able to perform the work now managed by humans. Outsourcing is another contribution to the poverty rate as companies moved their production overseas in the search of cheaper labor. These changes result in more people losing jobs and slipping into the poverty circle. While in the poverty circle, the malnourishment of pregnant women causes slowed or limited fetal development of the brain and in the early childhood years, which contributes to the fact that the lower class produces mostly unskilled or semiskilled workers. (Sheahan 2012, 33) All these facts lead to a conclusion that telling people to work to earn money slowly ceases to be meaningful as the workplaces are vanishing. The basic income could help to turn these people to be still socially important by perhaps deciding for further studies and scientific research or working in the community helping the elderly or the handicapped. At the beginning of 21st century, a new social class emerged in European Union – the working poor. These people have income below the poverty line even though they work and receive their wage. There are 35 million of these people in the European Union. (Raventós 2015, 115) The basic income could lift these people from poverty and give them life in dignity.

4.2 Contra Arguments

The opponents operate mainly with the economic and financial feasibility of the basic income implementation. They believe that people receiving basic income would cease to work while high-income citizens would emigrate – and this would lead to economic collapse.

4.2.1 Migration

As the idea of unconditional basic income is attractive to the lower class it is possible, that citizens from abroad would try to move to the Czech Republic if the concept of the basic income was implemented. This act would threaten the balance between citizens as more people only willing to benefit would be pouring in the country. As a consequence wealthy and educated people could decide to leave the country because of unfavorable taxes. The possible outcomes would be enlarging differences between social classes or big changes in migration policies. (Howard 2006, 68-69) Due to the current migration crisis, this argument might be one of the most valid for the Czech citizens.

4.2.2 Motivation to Work

The opponents of the unconditional basic income say that people who refuse to work should not get financial support as they are not beneficial for the society. Also high income tax rates could discourage people – who are able to work to secure their needs – from working. Further, the worth of collected taxes could benefit the society more in different areas than as a financial supply for people who are unwilling to work. (Van Parijs 2007, 27) Other objection to the unconditional basic income is that the people would be tempted to stop working as they would be secured for their basic needs. Although a survey in Switzerland proved that only 2 % of the Switzerland's citizens would cease to work if they received the unconditional basic income, (Jourdan, 2016) the true statistics remain to be revealed as no country has nationwide basic income high enough to secure one's basic needs.

4.2.3 The Unconditional Basic Income and Psychology

According to Wesley J. Pech, the concept on the basic income is not just from the point of view that a set amount of money has a different value for each person. It is not entirely beneficial for everybody as a person who makes 200,000 Czech crowns a month values 10,000 Czech crowns less than a person who makes 12,000 crowns a month. This is also

connected to the fact that the more money a person makes, the more he or she would pay on taxes. Furthermore, Pech states that an implementation of the basic income is financially unfeasible. (Pech 2010, 60-61) As a result, in case of possible implementation, the financing needs to be carefully planned not only because of feasibility, but also for psychological reasons.

5 SUMMARY OF THE THEORETICAL PART

The theoretical part presented the topic of the basic income. Firstly, the definition of the basic income was introduced along with other information directly linked to the topic, like the main supporters or other welfare systems, which are relative to the basic income or its history. Secondly the theoretical part presented the European Citizens' Initiative for an Unconditional Basic Income, which was mostly in progress during the year 2013. Thirdly, countries discussing the basic income or already having it implemented were introduced. Lastly the theoretical part described most important arguments of both – the basic income proponents and opponents.

II. ANALYSIS

6 INTRODUCTION TO THE ANALYTICAL PART AND METHODOLOGY

The analytical part will engage in determining public perception of the basic income and factors, which influence it. Among these is actual difference between the current welfare system and the basic income system and how the change would influence the general public.

The goal of the practical part is to determine the actual changes of the welfare system for the citizens if the basic income was implemented, how much the public is acquainted with the idea of the unconditional basic income, which of its attributes citizens find the most appealing or, on the other hand, the most ill-favored and the whether the opinion of the general public is positive enough to dedicate research to find possible ways to implement it.

To fulfill the goal of the practical part, a system analysis, an analogy and a survey will be used. A system analysis will be used to analyze the current welfare system in the Czech Republic, because it will accurately discover the features and functioning of the Czech welfare system. An analogy will be used to compare it with the concept of the unconditional basic income to point out the strengths and weaknesses of both systems. Secondly, the results of a survey, a quantitative research method, will be presented. The survey was answered by general public. The answers were collected within three weeks and there were 120 respondents. This quantitative method was used for its easy evaluation and orientation of both parties – the respondents and the researcher.

For the purpose of verifying the thesis statement, that the Czech Republic is not ready for accepting the basic income as its citizens would not find it beneficial, there are several questions which will be answered at the end of the analytical part. In the first section, concerning the current welfare system, the actual changes in the welfare system for the citizens if the basic income was implemented will be determined. In the second section, the survey, the aim is to learn the level of knowledge of the basic income the general public possesses, what attributes are the most important for them and if they would choose the basic income over the current welfare system.

These are the research questions:

- What would be the positive or negative outcomes of the basic income implementation from the Czech citizens' perspective?

- Do the Czech citizens have enough knowledge to decide between the basic income and the current welfare system?
- Which attributes of the basic income would citizens value or disvalue the most?
- Which of the systems would be their final choice?

7 ANALYSIS OF THE CZECH WELFARE SYSTEM

This chapter will contain the description of the Czech welfare system and its comparison to the possible basic income scheme in the Czech Republic. The amount of money received by the citizens in the form of basic income will be set at 10,000 Czech Crowns for the comparison purposes.

The purpose is to determine how much better the life would be for the Czech people in case of the basic income implementation and whether they would be likely to vote for this option. The research question which should be answered at the end of this chapter is “*What would be the positive or negative outcomes of the basic income implementation from the Czech citizens’ perspective?*”

7.1 Structure and Description of the Czech Welfare System

The current welfare system in the Czech Republic is designed to help the citizens during the difficulties in their life. Many conditions and exceptions and rules are supposed to prevent people from exploiting the system. It consists of three main areas. These are: Insurance (pojištění), Subsidy (podpora) and Help (pomoc). (Žáková 2015)

7.1.1 Insurance

Insurance is just – that means that only who pays, might benefit from it. Most of the citizens contribute as a part of their earned money goes to the state. The state then redistributes the collected money and helps those who cannot provide for themselves for various reasons. It consists of Health Insurance and Social Insurance. The Health Insurance covers most of the medical expenses linked to one’s recovery from illness. Social Insurance then consists of Sickness Insurance (nemocenské pojištění), Pension Insurance (důchodové pojištění) and Unemployment Safeguard (zabezpečení v nezaměstnanosti). (Žáková 2015) Illness Insurance helps with living expenses during the time of illness, pregnancy or maternity. It also helps with expenses during the time of caring for an ill child. Sole traders may decide whether they wish to pay for the Sickness Insurance. But if they choose not to, they cannot benefit from it. Pension Insurance covers the life expenses of the elderly, handicapped or people whose bread-winner deceased. The Unemployment Safeguard covers the life expenses for a limited period of time of the people who have lost their job. (Jak na Peníze 2012)

Allowances coming from Sickness Insurance:

- **Sickness Benefit** (nemocenská) – paid since the 15th day of one's incapability to work confirmed by a doctor. From 4th to 14th day it is the employer who pays the employee a compensation for lost wage. The first three days of the incapability to work the allowance is not paid or it is voluntary for the employer. The allowance is paid for maximum of 380 days from its inception. The amount of money received is derived from the height of one's gross wage in the previous year. The sum of the monthly wages in the whole year is then divided by 365. The result number is a daily base of assess. The daily base of assess is then reduced to 90 % if the amount is lower than 901 Czech Crowns or lowered to 60 %, if the amount is between 901 Czech Crowns and 1,351 Czech Crowns or lowered to 30 % if the amount is between 1,351 Czech Crowns and 2,701 Czech Crowns. If daily base of assess would be higher than 2,701 Czech Crowns, it remains the same – 2,701 Czech Crowns and is reduced to 30 %. The daily allowance equals 60 % of the daily base of assess. It is paid for each day of the month, even weekends and holidays. (Česká Správa Sociálního Zabezpečení 2015a)
- **Attendance Allowance** (ošetřovné) – this is allowance for people who cannot work due to the need to care for an ill member of the household – child – or a healthy child up to ten years of age, who cannot go to school, because it was closed for reason of an accident for example. This allowance is only for employees, sole traders cannot benefit from it even if they pay for the Sickness Insurance. The Attendance Benefit is paid since the first day of nine days or sixteen days for single parents with children up to sixteen years of age. The formula for calculation of the attend allowance is the same as for Illness allowance. It is also paid for the weekends and holidays. (Česká Správa Sociálního Zabezpečení 2014)
- **Maternity Benefit** (Finanční pomoc v mateřství) – aimed for pregnant women, but also the father can benefit from it, if the parents decide that way. Employed women can benefit from this allowance, women who are sole traders have to pay for the Sickness insurance to benefit from it. Woman can benefit from it from the eighth week before expected date of birth and for a period of time equal to 28 weeks if one child is born and 37 weeks if two and more children are born. The formula for calculation is 70 % of the reduced daily base of assess - reduced to 100 % if the daily base of assess is up to 901 Czech Crowns, reduced to 60 % if the daily base of assess is from 901

Czech Crowns to 1,351 Czech Crowns and reduced to 30 % if the daily base of assess is between 1,351 Czech Crowns and 2,701 Czech Crowns. A daily base of assess higher than 2,701 Czech Crowns remains 2,701 Czech Crowns and is reduced to 30 %. Daily financial help in maternity is 70 % of this reduced daily base of assess. (Česká Správa Sociálního Zabezpečení 2015b)

- **Compensatory Benefit in Pregnancy and Maternity** (vyrovnávací příspěvek) – this allowance is for pregnant women or women shortly after birth, who had to change their scope of employment to less valued work due to the pregnancy or maternity. Only employed women can benefit from this allowance. They can benefit from it since the sixth week before the expected date of birth to the ninth month after the birth or if a woman nurses her child, than she can benefit from the allowance for the whole period of the time she nurses. The formula for calculation is the difference between reduced daily base of assess – base of the same calculation as financial help in maternity – and an average daily wage after the change of scope of employment accrued on one calendar day. (Česká Správa Sociálního Zabezpečení 2012)

Allowances coming from Pension Insurance:

- **Old-age Pension** (starobní důchod) in 2016 – this is a pension for all citizens who have worked and paid for the Pension Insurance at least for 32 years. Men reached the pension age if they were born in 1953, women raising one child born in 1954 and one year per a child up to 5 – being women born in 1958. If a woman raised more than five children the outline remains the same. Leaving work and benefiting from this pension is not compulsory, on the contrary, a citizen may higher the percentage of assessment of the pension by working longer. The base assessment in 2016 is 2,440 Czech Crowns. The percentage assessment added to the base assessment is calculated from determination period for this year's new pensioners it is since 1986 to 2015. From this period is made monthly base of assess, that is average monthly wage. Then, the monthly base of assess is reduced to 100 % if the amount is up to 11,883 Czech Crowns. Or it is reduced to 26 % if the amount is between 11,883 Czech Crowns and 108,024 Czech Crowns. If monthly base of assess is higher than 108,024 Czech Crowns the reduced monthly base of assess is calculated from 108,024 Czech Crowns. From this reduced monthly base of assess is 1.5 % added to the base assessment – 2,440 Czech Crowns. (Česká Správa Sociálního Pojištění 2015c)

- **Invalidity Pension** (invalidní důchod) – in the Czech Republic there are three degrees of disability pensions and they are derived from the severity of lowered capability to work. First degree is 35 % to 49 %, second degree is 50 % to 69 % and third degree is more than 70 %. The base assessment for the pension is 2,440 Czech Crowns a month. To the base assessment is added percentage assessment, which depends on an average gross wage earned before becoming handicapped, on the length of period of time during which the citizen paid the Pension Insurance and on the degree of disability. (Portál Veřejné Správy 2016a)
- **Pensions for the Bereaved** (pozůstalostní důchody) – there are two types of pensions for the bereaved – for widows/ widowers and for orphans. Only married couples can benefit from this pension. Also there are several conditions, of which at least one needs to be fulfilled in order to be able to benefit from this pension. These are: the deceased received the old-age pension or disability pension or if the deceased fulfilled the conditions for receiving old-age pension by the day he or she deceased. Or he or she deceased as a result of employment accident. The bereaved can benefit from this pension for one year. After this time, a pension for bereaved can be only received by person who cares for an unprovided child or cares for a child, who is dependent on others or cares for a parent who is dependable on the care of others or is invalid himself/ herself. Or if she is a woman, she needs to reach her old-age pension age or old-age pension age of a man with the same year of birth minus four years. After two year period a citizen must request the pension again, it is not prolonged automatically. The base assessment is 2,440 Czech Crowns. The percentage assessment is equal to 50 % of percentage assessment for the old-age pension or third degree disability pension which was the deceased entitled to at the time of death. (Portál Veřejné Správy 2016b)
An orphan's annuity is a pension for unprovided children up to 26 years of age. Conditions for receiving this pension are the decease of a parent or adoptive parent or a person who cares for the child. The child is entitled to pension for both of the parents – if deceased. The deceased must be a beneficiary of the old-age or disability pension or the deceased must had paid the pension insurance for at least a half of the time needed for inception of entitlement to the old-age or disability pension. If the child is adopted, the entitlement to the orphan annuity ceases to exist. The base assessment is 2,440 Czech Crowns and the percentage assessment is equal to 40 % of the percentage assessment of the deceased pension. (Portál Veřejné Správy 2016c)

Allowances coming from Unemployment Safeguard:

- **Relief in Unemployment** (podpora v nezměstnanosti) – a citizen is entitled to the relief in unemployment if he is unemployed and is registered at the employment agency. Also he needs to have paid the insurance for at least a year in the last two years. However there are exceptions to this rule. Other entitled to the relief in unemployment are people who prepared a physically handicapped person for work, people who benefited from the third degree disability pension, people who cared for a child up to four years of age, people who care for person dependent on the care of others, people volunteering for organizations with accreditation of the Ministry of Internal Affairs. On the other hand, people who are not entitled to the relief are those, who receive pensions or Illness Insurance allowances or in a half of the year before registering at the unemployment agency the citizen did not abide the duties and was discharged. Also a citizen must not execute a colliding work or be imprisoned. The period of time in which a citizen can receive the relief varies due to the age. A person up to fifty years of age can benefit from it for five months. A person from fifty years up to fifty-five years of age can benefit from it for eight months. And a person who is older than fifty-five years can benefit from it for eleven months. The height depends on the average net wage and on the length of period in which the citizen benefits from the relief. In first two months a citizen receives 65 % of the average net wage at the previous workplace, in the second two months a citizen receives 50 % of the net wage and for the rest of the time a citizen receives 45 %. However the highest relief in unemployment cannot be higher than 58 % of the average national wage. (Portál Veřejné Správy 2016d)

7.1.2 Subsidy

Subsidy is solidary, which means, that in difficult situations a citizen is helped out of the funds created by taxes and the wealthier a person is, the more the person contributes to this system. The benefits resulting from this subsidy are divided into two groups. One is dependent on the citizen's wages while the other is not. The ones dependent on a person's wage are: housing allowance, child allowance and social allowance. The ones not dependent on a person's wage are: parental allowance, birth allowance, burial allowance and foster parent allowance. (Žáková 2015)

Allowances dependent on claimant's height of wage:

- **Housing Allowance** (příspěvek na bydlení) – this allowance is purposed to help low-income citizens to cover their expenses linked to the housing. A citizen is entitled to this allowance if 30 % of his income – 35 % in Prague – is not enough to cover the housing expenses. At the same time these 30 % must be lower than normative expenses given by law. The normative expenses depend on locality, whether the citizen rents the housing or is an owner and the number of members of the household. (Integrovaný Portál Ministerstva Práce a Sociálních Věcí 2016)
- **Child Allowance** (přídavek na dítě) – this allowance is for low-income families. It helps with covering expenses linked to the needs of the child. It is 500 Czech Crowns for a child up to 6 years of age, 610 Czech Crowns for a child between 6 and 15 years of age and 700 Czech Crowns for a child between 15 and 26 years of age. The condition for entitlement is that the total net income of the family must not be 2.4 times higher than the living wage of the family. (Integrovaný Portál Ministerstva Práce a Sociálních Věcí 2015a) The living wage is calculated as a sum of living wages of all the members in the household. If it is a single-member household, the amount is 3,410 Czech Crowns. If there are more members it is the sum of 3,140 Czech Crowns for one adult – 2,830 Czech Crowns for every person who is not an unprovided child – 1,740 Czech Crowns for a child up to 6 years of age – 2,140 Czech Crowns for a child between 6 and 15 years of age and 2,450 Czech Crowns for an unprovided child between 15 and 26 years of age. (Integrovaný Portál Ministerstva Práce a Sociálních Věcí 2015b)
- **Social Allowance** (sociální příplatek) – this allowance is for parents who care for children who suffer from long-term disease or disabled children. To be entitled to this allowance the income of the family must not surpass a twofold of living wage of the family. The amount varies from 1,006 Czech Crowns to 3,375 Czech Crowns based on age and degree of invalidity of the child. (Integrovaný Portál Ministerstva Práce a Sociálních Věcí 2011)

Allowances not dependent on claimant's height of wage:

- **Parental Allowance** (rodičovský příspěvek) – this allowance is for parent or other person who cares for a child up to four years of age daily. Everyone has 220,000 Czech Crowns at their disposal, which they can draw from it for maximum of four years. However, the maximum monthly allowance is limited by 70 % of thirtyfold of

daily base of assess for financial aid in maternity. The highest possible monthly allowance is 11,500 Czech Crowns and lowest possible allowance is 3,800 Czech Crowns. Five forms or documents are required. (Portál Veřejné Správy 2016e)

- **Birth Allowance** (porodné) – this allowance is paid to the mother after birth of the first child and after the birth of the second child if the total net income of the family is not 2.7 times higher than living wage of the family. The living wage calculation was discussed in child allowance. (Ministerstvo Práce a Sociálních Věcí 2013) The birth allowance for the first child is 13,000 Czech Crowns and for the second it is 10,000 Czech Crowns. If twins are born, the mother receives both of the allowances at one time. Five forms or documents are required.
- **Burial Allowance** (pohřebné) – is an allowance for those who arrange a burial of an unprovided child or a burial of a parent of an unprovided child. It is 5,000 Czech Crowns. Nine forms or documents are required. (Portál Veřejné Správy 2016f)
- **Foster Parent Allowances** (pěstounský příspěvek) – these allowances are for registered foster-parents. There are five types of this allowance. The first is allowance covering the needs of a child (příspěvek na úhradu potřeb dítěte). It is for the child. It varies due to age from 4,500 Czech Crowns to 6,600 Czech Crowns and due to eventual disability of the child, with minimum of 4,650 Czech Crowns to maximum of 9,000 Czech Crowns. (Portál Veřejné Správy 2015) The second allowance is foster-parent reward (odměna pěstouna). It is 8,000 Czech Crowns a month for caring for one child, 12,000 Czech Crowns a month for two children, 20,000 Czech Crowns a month for three children and 4,000 for every other child. The amount is higher if the child is disabled. The third allowance is taking-over allowance (příspěvek při převzetí do péče). This allowance is given to the foster parent at the moment of taking the child. It is 8,000 Czech Crowns for child under 6 years of age, 9,000 Czech Crowns for child between 6 and 12 years of age and 10,000 for a child between 12 and 18 years of age. The fourth allowance is allowance at the end of foster-care period. It is for the child who ceased to be entitled for allowance covering needs of a child. It is one time allowance equal to 25,000 Czech Crowns. The last allowance is for purchase of a vehicle (příspěvek na zakoupení motorového vozidla). It is for foster-parent who cares at least for three children and the maximum allowance is 70 % of the price of the car, but this amount cannot be higher than 100,000 Czech Crowns. (Integrovaný Portál Ministerstva Práce a Sociálních Věcí 2012)

7.1.3 Help

The pillar of social help is also solidary and serves the purpose of additional help if the allowances from subsidy are not sufficient in given situation. It is divided into two groups, allowances for case of corporality privation and allowances in case of need of social care (hmotná nouze a sociální péče). (Žáková 2015) Two terms are important for this pillar – living wage and existential wage (životní a existenční minimum). The living wage calculation was discussed in Child Allowance and the existential wage is 2,200 Czech Crowns. Existential wage cannot be applied on an unprovided child, Old-age pensioners and disability of third degree pensioners or people older than sixty-eight years. (Integrovaný portál Ministerstva Práce a Sociálních Věcí 2015b)

Allowances for Case of Corporality Privation:

- **Additional Housing Allowance** (doplatek na bydlení) – this allowance together with other incomes – housing allowance – is purposed to cover the housing expenses as discussed in housing allowance. So that the household members still have some money for livelihood. (Integrovaný Portál Ministerstva Práce a Sociálních Věcí 2016b)
- **Sustenance Allowance** (příspěvek na živobytí) – this allowance is adjudicated individually. In most cases it is given to those citizens whose income reduced by housing expenses does not reach the height of living or existential wage. (Integrovaný Portál Ministerstva Práce a Sociálních Věcí 2016c)
- **Emergency Immediate Aid** (mimořádná okamžitá pomoc) – this allowance is for immediate purposes for citizens in unexpected need of help for example in case of natural disaster or for citizens who did not qualify for periodical allowances but their insufficient income threatens their health or for citizens in need to pay for certain administrative act and they do not have the resources for it. (Integrovaný Portál Ministerstva Práce a Sociálních Věcí 2016d)

Allowances for case of need of social care:

- **Allowance for the Disabled** (příspěvek pro zdravotně postižené) – there are two allowances – Special Facilitation allowance (příspěvek na speciální pomůcku) and Mobility allowance (příspěvek na mobilitu). Special facilitation allowance is limited by amount of 850,000 Czech Crowns received in sixty months. Mobility allowance is 400 Czech Crowns a month. (Integrovaný Portál Ministerstva Práce a Sociálních Věcí 2016e)

- **Special Care Allowance** (příspěvek na péči) – is purposed for those who are in need of care of others. The height of this allowance varies due to the age of the person and severity of his disability. It is 3,000 Czech Crowns to 12,000 Czech Crowns for people up to 18 years of age and 800 Czech Crowns to 12,000 Czech Crowns for adults. (Integrovaný Portál Ministerstva Práce a Sociálních Věcí 2015c)

7.2 Summary of the Analysis of the Czech Welfare System

The Czech welfare system consists of three pillars – the Insurance, the Subsidy and the Help. While benefits from the Insurance are distributed only to those, who have paid for the Insurance, the beneficiaries of the other two pillars – the Subsidy and the Help – do not need to have paid for anything. The Insurance benefits are Sickness benefit, Attendance allowance, Maternity benefit, Compensatory benefit in Pregnancy and Maternity, Old-age pension, Invalidity pension, Widow/ widower pension, Orphan's annuity and Relief in Unemployment. The Subsidy is solidary, the wealthy citizens contribute to this pillar more than those whose income is low. The Subsidy allowances are Housing allowance, Child allowance, Social allowance, Parental allowance, Birth allowance, Burial allowance and Foster parent allowances. The last pillar of the welfare system – the Help – is aimed for those who demand more help from the welfare system than the first two pillars can provide. The allowances from the last pillar are Additional Housing allowance, Sustenance allowance, Emergency Immediate Aid, Special Facilitation allowance, Mobility allowance and Special Care allowance.

7.3 Comparison to the Unconditional Basic Income

After the analysis of the Czech welfare system it is obvious that the greatest difference would be immense simplification of the whole system. While in the current system many conditions, exceptions and documents are needed for one allowance, in the basic income system everyone would receive a fixed amount of money with no requirements. However apart from this difference, it is necessary to determine how much would Czech citizens gain or lose with implementation of the basic income. The tables below serve this purpose. To reach the most truthful comparison possible, there are seven tables. The tables number three, four and five deal with pensions, non-periodical allowances and fixed allowances without connection to wages. Table number six, seven, eight and nine portray allowances each with different wage for allowance calculations. The pensions are taken from table

provided by Czech Social Security Administration. (Česká Správa Sociálního Zabezpečení 2016) They are not calculated specially for each case of wage as thus they would be less reliable due to the complexity and individuality of calculations. In the table number six the data are chosen in such way, that the amounts are calculated from the average gross wage in the Czech Republic – 28,152 Czech Crowns in the last quarter of the year 2015. (Český Statistický Úřad 2016) The table number seven calculates with gross wage of 15,000 Czech Crowns and in the table number eight the gross wage is set at 40,000 Czech Crowns a month. The table number nine operates with presumption, that the citizen has no work experience which would influence the allowances. This table also operates with presumption, that if this person became disabled, it was after he reached eighteen years of age. For housing allowances, the locality is set in Zlín and the housing is rented. The housing expenses are 5,000 Czech Crowns for rent, 236 Czech Crowns for water and 1,500 Czech Crowns for electricity per month. The basic income is set at 10,000 Czech Crowns for both adult and child. In the tables number three to nine, all the previously stated resources in the chapter about Czech welfare system are used for calculations.

Table 3. *Average Pensions Assumed from Czech Social Security Administration.* (Česká Správa Sociálního Zabezpečení 2016)

Name of Allowance	Amount of Allowance	Basic Income	Balance
Old-age pension	11,348	10,000	-1,348
<u>Invalidity pension:</u>			
First degree	5,932	10,000	+4,068
Second degree	6,749	10,000	+3,251
Third degree	10,424	10,000	-424
Widow/er pension	6,936	-	-6,936
Orphan's annuity	5,835	10,000	+4,185

The table number three shows that people benefiting from pensions would mostly gain from the basic income implementation, with exception of the elderly, whose pension would lower and they would lose entitlement for compensation for pension of their deceased husband or wife. If this situation was to be amended, the basic income would have to increase.

Table 4. *Non-periodical Grants.* (self-created)

Name of Allowance	Amount of Allowance	Basic Income	Balance
Birth allowance	23,000 in total	-	-23,000
Burial allowance	5,000	-	-5,000
<u>Foster-parent allowances:</u>			
Take-over allowance	9,000 (average)	-	-9,000
End of foster-care	25,000	10,000	-15,000
For purchase of vehicle	100,000	-	-100,000
Emergency immediate aid	51,150 (natural disaster)	-	-51,150

The table number four shows allowances, which would not be compensated at all with the implementation of the basic income. The only exception is the End of Foster-care allowance which would be reduced to the monthly basic income. Although the Birth allowance would disappear, it might be compensated over the course of time as the child would receive its own basic income administrated by the parents until becoming an adult. The most affected area would be the Foster-care. The foster-parents could not ask for the state's participation in a purchase of a vehicle for the family. As in the case of Birth allowance, the Take-over allowance could be compensated over the course of time. The Burial allowance could not be compensated in any way as the deceased would not receive the basic income. In the case of natural disaster, in case of need, the citizens could not benefit from the basic income system immediately. The amount of Emergency Immediate Aid allowance in the table is the maximum possible amount. In most cases it is much smaller, covering for example administrative expenses. Nonetheless the amount is to demonstrate the maximum sum a citizen could receive.

Table 5. *Fixed Allowances without Connection to Wage.* (self-created)

Name of Allowance	Amount of Allowance	Basic Income	Balance
<u>Allowances for disabled:</u>			
Special facilitation allowance	14,167 (maximum divided by 60 months)	-	-14,167
Mobility allowance	400	-	-400
Special care allowance	6,850 (average)	-	-6,850

<u>Foster-parent allowances:</u>			
For needs of a child	6,835 (average)	10,000	+3,165
Foster-parent reward	8,000 (one child)	10,000	+2,000
	20,000 (handicapped child)	10,000	-10,000

The table number five shows that the handicapped people would lose the allowances which help them to cover expenses connected to the need of special aid or expenses connected to special tools. For example in the case of lifting equipment for wheel chairs this might be a great loss for the disabled. Also the Mobility allowance would cease to exist, although its loss would not be as great as in the previous cases. In the area of foster-care, the citizens would gain with the exception of caring for a handicapped child.

Table 6. *Allowances Compared to Basic Income, with Average Wage, in Czech Crowns.*
(self-created)

Name of Allowance	Amount of Allowance	Basic Income	Balance
Sickness benefit	14,880	10,000	-4,880
Attendance allowance	4,464 (9 days)	3,000 (9 days)	-1,464
Maternity benefit	19,260	10,000	-9,260
Compensatory benefit	Additional to the preceding	-	-
Relief in unemployment	11,794 (average of 5 months)	10,000	-1,794
Housing allowance	-	-	-
Child allowance	-	10,000	+10,000
Social allowance	-	-	-
Parental allowance	11,500 (19-months period)	10,000	-1,500
Additional housing allowance	-	-	-
Sustenance allowance	-	-	-
Total	61,898	53,000	-8,898

The table number six shows the changes between current welfare system and the basic income for a citizen with an average wage in the Czech Republic. From the table it is apparent, that the citizen would lose money with the exception of Child allowance, which would change to basic income of the child. Although it is the only gain it is remarkable as

it is paid to the parents monthly until the eighteenth year of the child and it would compensate for the losses in Financial Aid in Maternity and Parent allowance. It could fuel the birth rate and family growth in the Czech Republic.

Table 7. *Allowances Compared to Basic Income, with Below-Average Wage, in Czech Crowns.* (self-created)

Name of Allowance	Amount of Allowance	Basic Income	Balance
Sickness benefit	8,010	10,000	+1,990
Attendance allowance	2,403 (9 days)	3,000 (9 days)	597
Maternity benefit	10,380	10,000	-380
Compensatory benefit	Additional to the preceding	-	-
Relief in unemployment	6,822 (average of 5 months)	10,000	+3,178
Housing allowance	2,137	-	-2,137
Child allowance	-	10,000	+10,000
Social allowance	-	-	-
Parental allowance	10,500 (20-months period)	10,000	-500
Additional housing allowance	-	-	-
Sustenance allowance	-	-	-
Total	40,252	53,000	+12,748

The table number seven shows the changes between current welfare system and the basic income for a citizen with a wage of 15,000 Czech Crowns in the Czech Republic. As it is apparent in the table, this citizen would mostly gain money. This citizen would lose a few hundreds of Czech Crowns in Financial Aid in Maternity allowance and Parental allowance, but this money would return after the birth of the child through the basic income of the child. The largest loss is in Housing allowance as it would not be compensated in any way.

Table 8. *Allowances Compared to Basic Income, with Above-Average Wage, in Czech Crowns.* (self-created)

Name of Allowance	Amount of Allowance	Basic Income	Balance
Sickness benefit	19,080	10,000	-9,080
Attendance allowance	5,724 (9 days)	3,000 (9 days)	-2,724

Maternity benefit	24,150	10,000	-14,150
Compensatory benefit	Additional to the preceding	-	-
Relief in unemployment	15,024 (average of 5 months)	10,000	-5,024
Housing allowance	-	-	-
Child allowance	-	10,000	+10,000
Social allowance	-	-	-
Parental allowance	11,500 (19-months period)	10,000	-1,500
Additional housing allowance	-	-	-
Sustenance allowance	-	-	-
Total	75,478	53,000	-22,478

The table number eight shows the changes between current welfare system and the basic income for a citizen with a wage of 40,000 Czech Crowns in the Czech Republic. This citizen would lose money in all areas except the Child allowance. However even the basic income for the child would not be enough to compensate the loss of Financial Aid in Maternity, which is paid twenty-eight or thirty-seven weeks. During this time, the parent would lose 4,150 Czech Crowns per month.

Table 9. *Allowances Compared to Basic Income, with No Wage, in Czech Crowns* (self-created)

Name of Allowance	Amount of Allowance	Basic Income	Balance
Sickness benefit	-	10,000	+10,000
Attendance allowance	-	3,000 (9 days)	+3,000
Maternity benefit	-	10,000	+10,000
Compensatory benefit	-	-	-
Relief in unemployment	-	10,000	+10,000
Housing allowance	4,835	-	-4,835
Child allowance	610	10,000	+9,390
Social allowance	980	-	-980
Parental allowance	4,500 (48-months period average)	10,000	+5,500

Additional housing allowance	1,023	-	-1,023
Sustenance allowance	3,410	-	-3,410
Total	15,358	53,000	+37,642

The table number nine shows the changes between current welfare system and the basic income for a citizen with no work history which would influence the allowances in the Czech Republic. This citizen would gain largely especially in the first area of Czech welfare – the Insurance. As this citizen would not be entitled to any allowance in this area, the basic income would make a large difference. In the area of Subsidy and Help, this citizen is entitled to certain allowances in the Czech welfare system, but their compensation by the basic income would be satisfactory. In case of sole member of a household with no children, this citizen could receive 9,268 Czech Crowns in the current welfare system and 10,000 Czech Crowns in the basic income system.

7.4 Summary of the Possible Changes

An accurate comparison of financial gains and losses of the Czech welfare system and the basic income system is nearly impossible due to a large number of allowances, which some of them are interconnected and due to a large number of qualifications and exceptions which apply to specific groups of people. However the tables above helped to identify certain groups of people which would gain or lose from the implementation of the basic income.

Now, the first research question “*What would be the positive or negative outcomes of the basic income implementation from the Czech citizens’ perspective?*” will be answered. The first group of people which would suffer from the basic income implementation, if the basic income was 10,000 Czech Crowns, would be the elderly people benefiting from Old-age pension. They would lose 1,348 Czech Crowns a month in average and they would lose entitlement for the Widow/widower pension. In total, this could mean an average loss of 8,284 Czech Crowns a month for certain people. The second group of people, who would lose money would be the handicapped people. The basic income does not count with special needs these people might have. In pensions, the people in the first and second degree of invalidity would gain money, but the people in the third degree of invalidity would lose 424 Czech Crowns in average. Also, people caring for disabled or long-term sick children would lose the money from Social allowance. More serious loss comes in the

area of Help. All allowances helping to cover the expenses of special care of the handicapped – Special facilitation allowance, Mobility allowance, Special care allowance – would disappear. Also in the area of foster care, the extra money received for taking care of a handicapped child would disappear. This all combined could be an enormous loss for the handicapped. Lastly, people with average wages and wages above the average of the Czech Republic would lose money in the area of Insurance. The people with average wages would lose money from all allowances in the area of Insurance except the Maternity benefit. This allowance would be compensated by the basic income for the child. Later, the Parental allowance would be also compensated by the basic income of the child. In the case of citizens with wages above average of the Czech Republic, they would lose money even in the Maternity benefit as the basic income of the child would not be enough to compensate for it.

The group of people, which would gain from the basic income implementation, would be the people with wages below average of the Czech Republic and people with no wages influencing the allowances at all. The people with below-average wages could only lose in the area of Housing allowance (Maternity benefit and Parental allowance are compensated), but if they worked this would be compensated by their own basic income. In case of people with no wages, these people would gain from basic income implementation even if they did not work. The greatest perk of basic income implementation in the Czech Republic would be motivation of the people with wages up to the average of the Czech Republic to have more children as these children would receive their own basic income and financial deprivation of the family caused by having larger number of children would not be the issue. This perk is worth consideration as the Czech Republic has problem with low birth rate.

8 THE SURVEY

This chapter focuses on the knowledge of the basic income the Czech citizens have and their opinion. A survey was used for this purpose as a quantitative research method. This research method is used for gathering data from a large number of respondents. Its main positive feature is easy evaluation, mostly in a form of graph of which it is easier to deduce answers to the research questions. The research questions which should be answered at the end of this chapter are:

- Do the Czech citizens have enough knowledge to decide between the basic income and the current welfare system?
- Which attributes of the basic income would citizens value or disvalue the most?
- Which of the systems would be their final choice?

8.1 Evaluation of the Survey

This section presents the data collected in the survey. Most of this data is formed into graphs with commentaries. Total of 120 answer sheets were collected from the respondents. The survey contains ten questions in total. The first three questions were statistical – to form groups of respondents. These three questions concerned their age, gender and knowledge of economics. One question tested the knowledge of the Citizens about the basic income and the rest of questions determined the attitude of the Czech people towards the basic income.

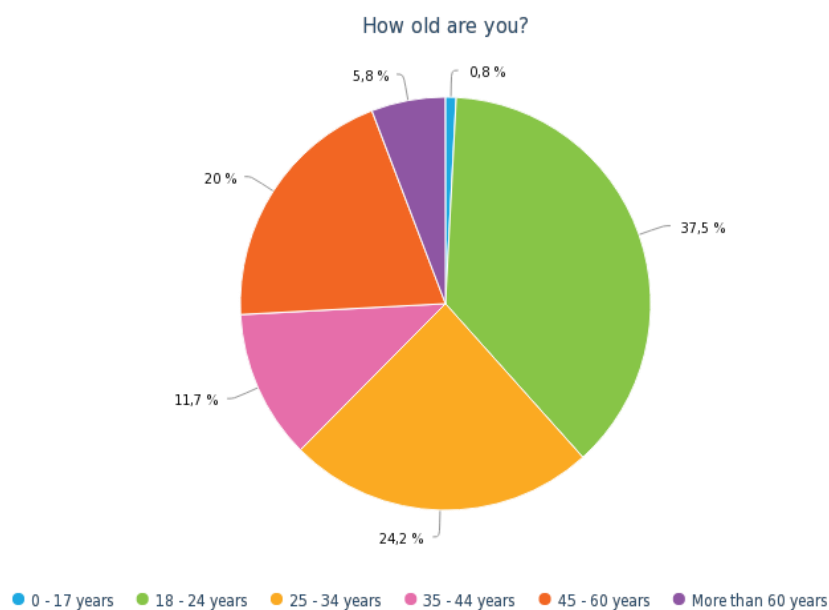


Figure 1. Age of Respondents. (self-created)

Out of the 120 respondents, the largest group contained people between 18 and 24 years – 45 respondents. The second largest group of respondents contained 29 people with age between twenty-five years to thirty-four years. Fourteen respondents were between thirty-five and forty-four year old, twenty-four respondents were between forty-five and sixty years old and seven respondents were more than sixty years old. One respondent was under eighteen years old. Forty-five men and seventy-five women answered the survey.

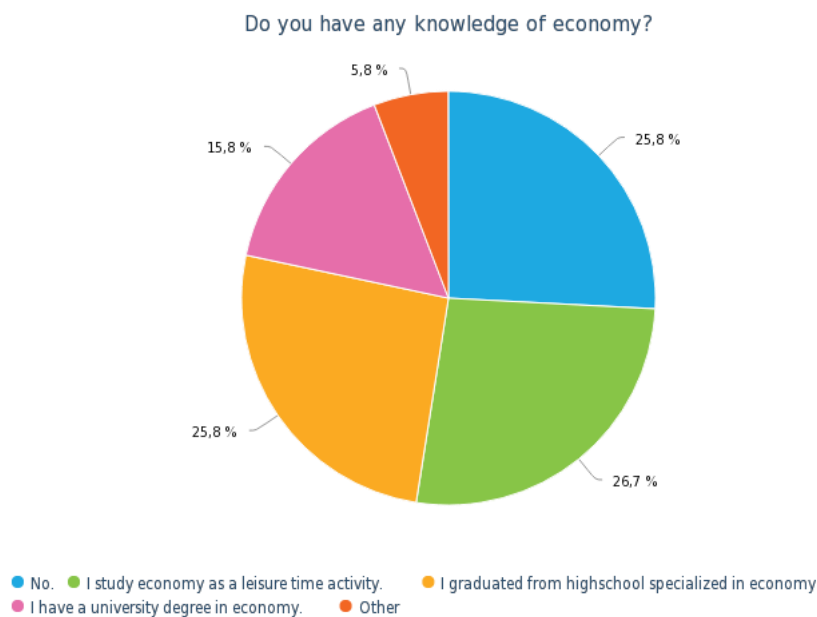


Figure 2. *The Level of Knowledge of Economics.* (self-created)

In the area of knowledge of economics the respondents formed five groups. Approximately one quarter of the respondents has no knowledge of economics, another quarter did not study economy at any school but they engage themselves in studying it on their own. Another quarter graduated from high school specialized in economics. The last quarter contains two groups, one of them contains people with university degree in economics – nineteen people. The last group contains people who marked reply “other”. Then they explained, they did not specialize in economics during their university studies but passed at least one semester dedicated to this topic.

8.1.1 Survey Questions Linked to the Basic Income

The survey contained seven questions directly concerning the basic income. The first one tested the knowledge of the citizens. The aim was to determine the percentage of the citizens, who have at least basic knowledge of the basic income.

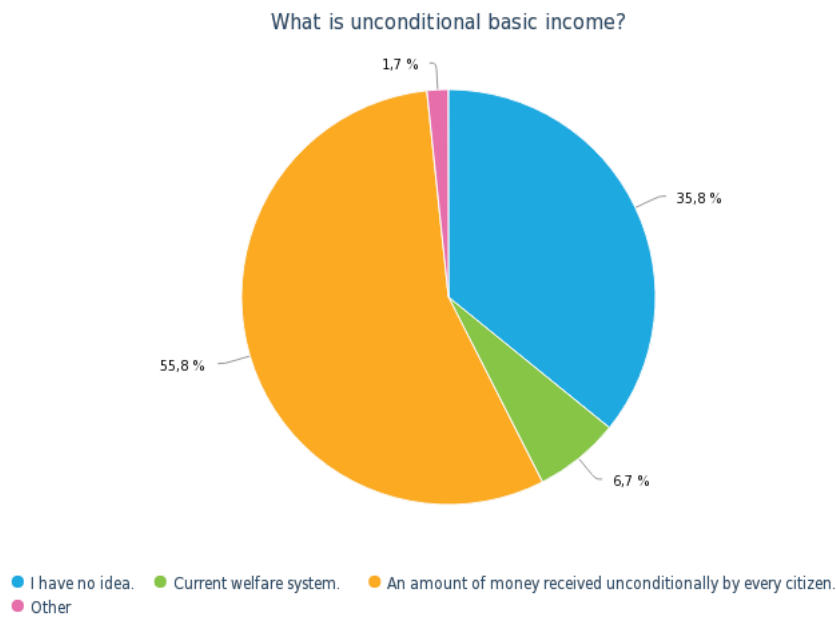


Figure 3. *Knowledge of Basic Income.* (self-created)

Over a third of the respondents confessed to no knowledge of the basic income and almost 7 % of the respondents answered incorrectly. In total 42.5 % of the respondents did not know the basic income. More than a half of the respondents answered correctly and two people chose option “other” where they explained the unconditional basic income and thus answered correctly.

According to definition from basicincome.org a basic income is an income unconditionally granted to all on an individual basis without means test or work requirement. If the Czech government was discussing implementation of this idea, how would you feel about it?

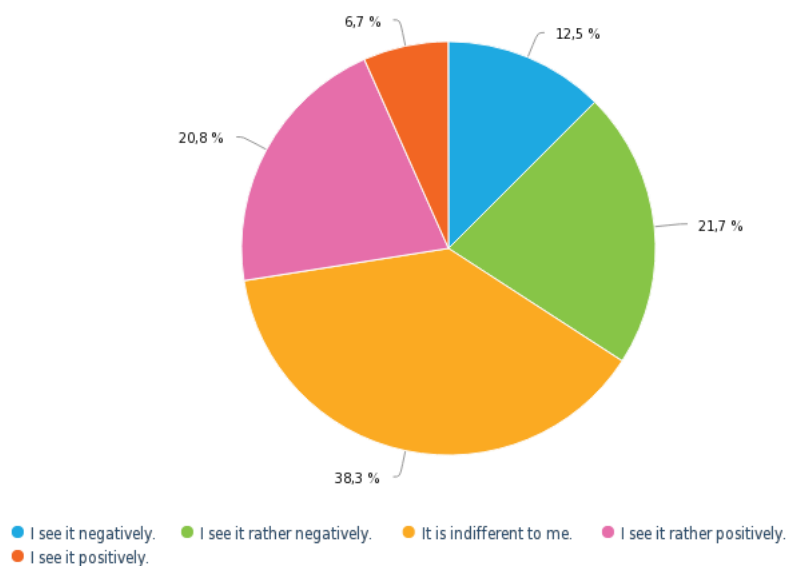


Figure 4. *Specification and First Impression.* (self-created)

According to the figure number four, the Czech citizens divide themselves almost precisely into thirds of which one feels negatively about the basic income, one is indifferent and one feels positively about the basic income. The difference between citizens who were or were not familiar with the basic income is minimum. The division remains almost the same, only with small divergence.

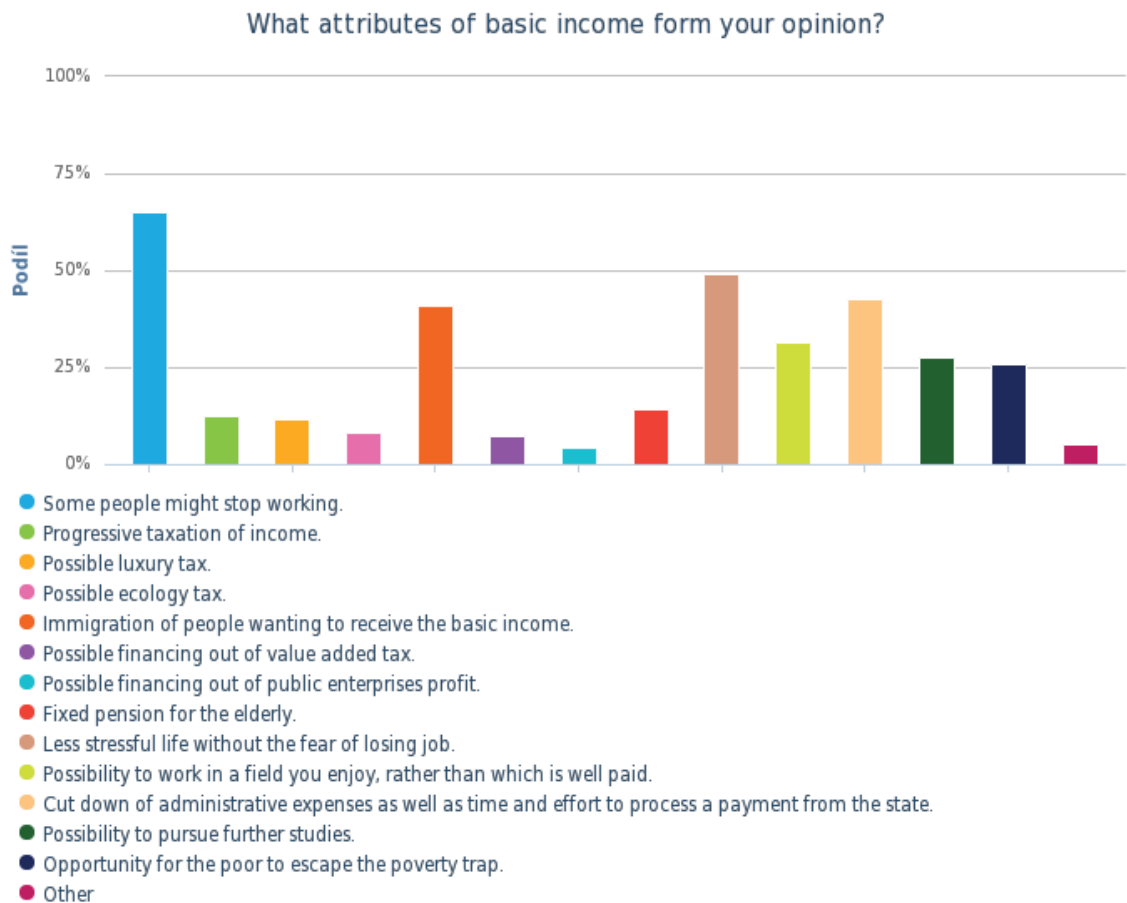


Figure 5. *Attributes of the Basic Income.* (self-created)

The figure number five shows which of the attributes of the basic income Czech people value or resent the most. The most significant answers among the negatives were that over 65 % of people fear that others might stop working and that almost 41 % of people worry about immigration of people only willing to benefit from the basic income. The first mentioned negative will be discussed further in a commentary to question connected directly to the willingness to work if the basic income was set at 10,000 Czech Crowns. The second negative is very understandable due to the current migration crisis in the whole

Europe. Surprisingly, the fixed pensions concerned only five people, but this might be caused by small number of elderly who actually benefit from pensions.

Among the positives stand out the “less stressful life without fear of losing job”, reaching almost 50 % and “lowering the amount of time and effort to process a payment from the state”, reaching almost 43 %. However other positives do not lose much in value in the eyes of Czech citizens. The “possibility to work where it gives the person pleasure” reached almost 32 %. Almost equal percentage reached “possibility to pursue further studies” and “opportunity for the poor to escape the poverty trap”, both close to 27 %. Six people chose option “other” – one wished to express strong resentment towards the basic income as such, others either reformulated already given options or stated their personal reasons.

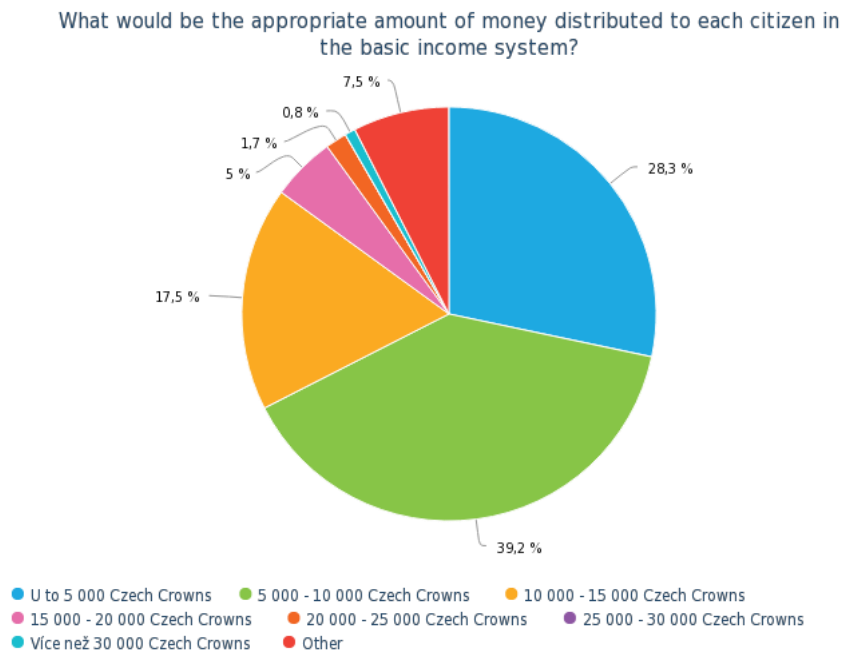


Figure 6. *Appropriate amount of the Basic Income.* (self-created)

The majority of respondents answered with a range of money up to 15,000 Czech Crowns. In total, only 7.5 % believed that basic income should be more than 15, 000 Czech Crowns. The same percentage of people chose option “other”, where they expressed their resentment towards basic income as such. This figure also implies that majority of the respondents does not really understand the concept of the basic income as the majority – 67.5 % – chose options below 10,000 of Czech Crowns. This income would most probably not be sufficient for certain social groups, like the elderly, who simply cannot work. Therefore as this percentage contradicts the percentage from the figure number three, it is

possible to conclude that the Czech citizens do not have overall knowledge of the basic income and they simply guessed the answer in the figure number three.

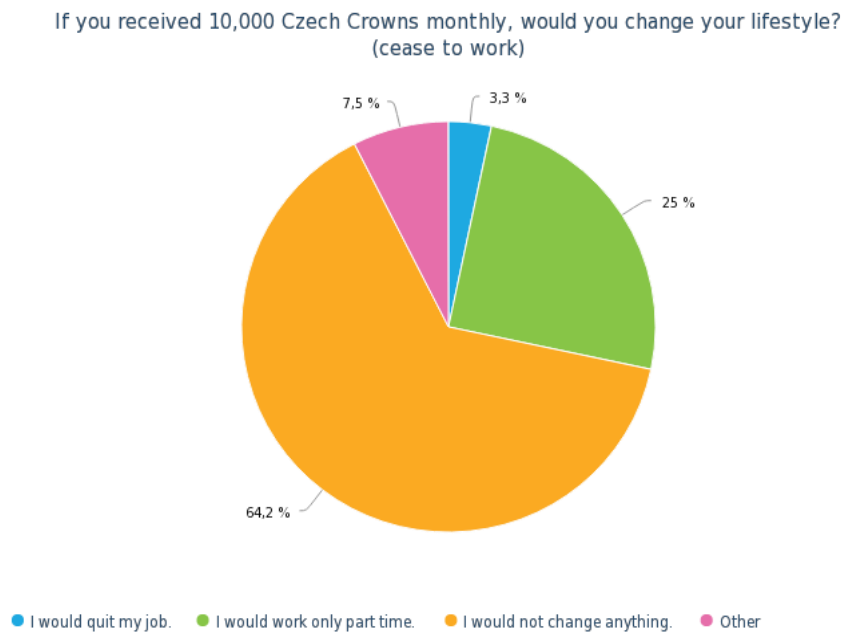


Figure 7. *Willingness to work.* (self-created)

The figure number seven show that majority of people would not stop working if they received the basic income of 10,000 Czech Crowns. Only 3.3 % would cease working and 25 % would work only part time. The respondents which chose option “other” either wished to express their resentment towards the basic income again or these people described how they would invest this money or start their own business. The small percentage of the people who would cease to work contradicts the main fear of the basic income portrayed in figure number five.

Ninth question of the survey was an open question, inquiring how high would the basic income have to be for the person to think about leaving work. It was an open question for the purpose of free expression. The actual amount varied from 5,000 Czech Crowns to 100,000 Czech Crowns. However the average amount of money the citizens stated was 27,000 Czech Crowns. 87.5 % answered with number, 3.3 % rejected the basic income. 6.8 % of people would not leave their work at all, because they like what they do. The rest of respondents did not specify the amount in a way which could be presented – 3.3 %

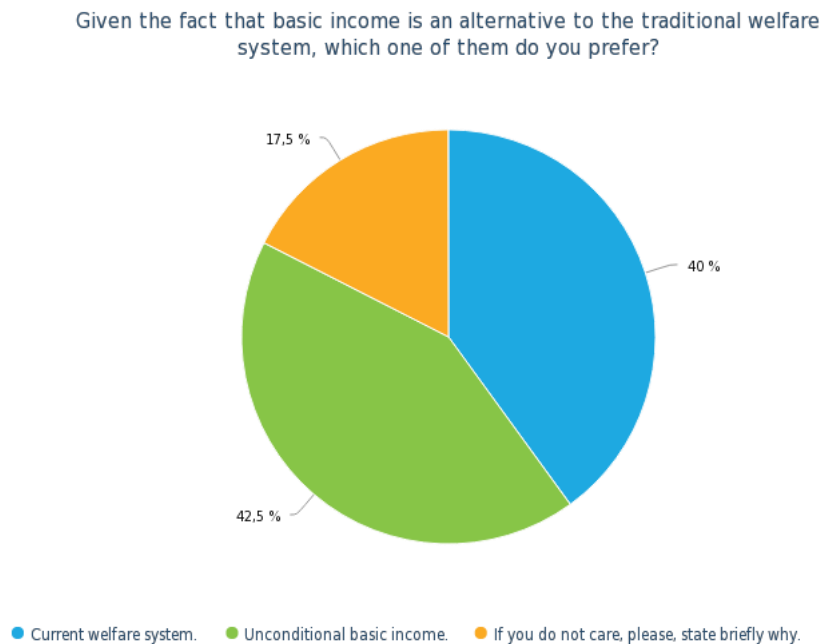


Figure 8. *Citizens' Choice.* (self-created)

The final task for the citizens was to choose between the current welfare and the basic income. The answers seem indecisive, as the figure shows almost the same percentage for both systems, but it was the group of people who chose the option “other” which determined the final answer. This section could be divided into three groups of answers. People, who leaned more towards the basic income – 0.7 %. Then there were people who stated they did not have enough information to decide – 8.4 % and the last group of people thought the basic income to be immoral or nonsensical and wished to express their resentment toward the idea as such. Therefore the current welfare system received 48.4 votes in total and became the final choice of the citizens.

8.2 Summary of the Survey Results

This survey had 120 participants from all age groups. Its purpose was to determine the knowledge and opinion of the Czech citizens of the basic income and also to determine their choice between the basic income and the current welfare system. As the figures showed certain contradictions between the respondents' answers, the survey showed that the Czech people are not properly acquainted with the topic of the basic income. This outcome seems unfortunate in connection to the efforts of the Initiative for an Unconditional Basic Income to make the citizens more acquainted to the basic income

which were in progress in 2013. It is only possible to presume, that the Initiative did not have access to sufficient funds to have larger impact. The respondents saw the possibility of increasing unemployment rate and immigration as the most important negative attributes of the basic income. The most important positives were the opportunity for less stressful life without fear of losing job and simplification of the welfare system. Even though the citizens saw the positives in the basic income, the majority of them would choose the current welfare system over the basic income.

9 SUMMARY OF THE PRACTICAL PART AND ANSWERS TO THE RESEARCH QUESTIONS

The practical part focused on the unconditional basic income from the perspective of the Czech citizens. One chapter was dedicated to the welfare system in the Czech Republic and the current system was compared to the basic income system. The other chapter presented data collected by quantitative research method – a survey.

Now it is possible to answer the research questions stated in the introductory chapter to the analytical part. The first question was *“What would be the positive or negative outcomes of the basic income implementation from the Czech citizens’ perspective?”* The answer to this question is that the main negatives of the basic income would be the loss of special allowances for the handicapped and loss of the Widow/widower pension for the elderly and lowering the Insurance benefits of the people with wages equal or above the national average. The Czech welfare system would have to compensate the allowances for the handicapped in some way as some of them may depend on them. Also, the elderly benefiting from pensions would be in deficit. This is caused by the chosen amount of the basic income – 10,000 Czech Crowns – nevertheless any augmentation would have to be careful, so that other people are still motivated to work. Furthermore the loss of Widow/widower pensions could lead to lowering the life standard of the elderly. And the citizens with wages equal or higher than the national average could be unsatisfied with the fact that the Insurance benefits would lower to the level of the basic income. The main positives would be simplification of the welfare system and possible motivation for family growth. As many young families have to be careful about their finances and they often have maximum of two children due to financial reasons, the basic income for children could increase the birth rate in the Czech Republic.

The second research question was *“Do the Czech citizens have enough knowledge to decide between the basic income and the current welfare system?”* The answer to this question is unfortunately, no. Although a majority of the respondents stated to know the basic income idea in the survey, it ensued from the following questions that the respondents only guessed the right answer. This means that most of the Czech citizens do not know about the idea of basic income and that the European Citizens’ Initiative for an Unconditional Basic Income was not successful in the Czech Republic in spreading information about the basic income.

The third research question was “*Which attributes of the basic income would citizens value or disvalue the most?*” The largest percentage in the survey belonged to the worry of Czech citizens that other people might stop working. This worry was contradicted by the fact that only a small percentage confirmed to stop working if they received the basic income, however massive egression from work is citizens’ greatest fear. A group of three other attributes received high percentage, which was similar. These attributes were immigration of people only willing to benefit from the basic income, less stressful life without fear of losing job and simplification of the welfare system. The immigration is very current topic due to the crisis in Europe and it is very understandable that the citizens would not approve of this. The two mentioned positives are amelioration of the Czech social situation where people are afraid to lose their job and if they do (or in any other situation in life) they do not know what allowances from the welfare system they are entitled to.

The fourth question was “*Which of the systems would be their final choice?*” The answer to this question is the current welfare system. It was fairly close win and a majority of the respondents had only the information from the survey to decide. Nevertheless as the Czech citizens do not know the concept of the basic income, there is no need of starting a discussion of its implementation yet. Firstly, it is necessary to get the general public acquainted with the unconditional basic income idea.

The data from both chapters of the practical part combined show that if the Czech Republic is to adopt the basic income system, it is not going to be in the near future as the differences between the basic income and the current welfare system are incompatible and some areas would still have to be compensated, secondly people do not know about it and thirdly the possible negative outcomes are more important for them than the possible positive outcomes.

CONCLUSION

This bachelor thesis focused on the idea of basic income and the attitude of the Czech citizens towards it. The theoretical part covered information about the basic income and the practical part focused on possible outcomes of the basic income implementation and people's opinion of the basic income.

The aim of this thesis was to determine, what would be the actual outcomes of the basic income implementation from the citizens' perspective, whether the Czech people are familiar with the basic income system, which of its attributes would be most important for them and whether they would agree to its implementation. The data collected in the practical part helped to fulfill this objective.

The data showed that the greatest negative of the basic income would be the loss of special allowances for the handicapped people. This loss would have to be compensated in another way, creating even more expenditures for the state. Other negatives would be possible lowering of the living standard of the elderly, if the basic income was set below current average pension amount; also the people with wages above the average wage in the Czech Republic could be unsatisfied with the fact that the Insurance benefits would lower to the level of the basic income. The greatest positive of the basic income could be motivation for family growth as young families could afford to have more children thanks to the basic income for the children. The majority of the Czech citizens does not have sufficient knowledge of the basic income; the most important attribute of the basic income for the Czech citizens was that people might cease to work. Other attributes with fairly high percentage were fear of immigration and on the other hand simplification of the Czech welfare system and less stressful life without fear of losing job. All in all they would choose the current welfare system over the basic income. Therefore the results of the practical part confirmed the thesis statement – the Czech Republic is not ready for accepting and implementing unconditional basic income as most of its citizens would not see it as beneficial.

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APPENDICES

P I Survey

APPENDIX P I: SURVEY

28. 4. 2016

Váš názor na nepodmíněný základní příjem 1

Upozornění: Je zobrazen náhled na dotazník, ve kterém nedochází k ukládání dat. Pokud chcete dotazník vyplnit, [klikněte zde \(https://www.surveio.com/survey/d/N5L2H3V9U9Q5V1K2Y\)](https://www.surveio.com/survey/d/N5L2H3V9U9Q5V1K2Y).

Váš názor na nepodmíněný základní příjem 1

Dobrý den,

jsem studentkou bakalářského stupně studia na UTB ve Zlíně a tento dotazník slouží ke zpracování mé bakalářské práce. Vyplnění zabere maximálně několik minut.

Jsem Vám vděčná za Vaše odpovědi a Váš čas.

Eva Hubáčková

1

Kolik je Vám let?

- 0 - 17 let
- 18 - 24 let
- 25 - 34 let
- 35 - 44 let
- 45 - 60 let
- Více než 60 let

2

Jste žena nebo muž?

- Muž
- Žena

3

Máte nějaké znalosti z ekonomie?

28. 4. 2016

Váš názor na nepodmíněný základní příjem 1

- Ne.
- Zajímám se o ekonomii jako laik.
- Mám středoškolské vzdělání z ekonomie.
- Mám vysokoškolské vzdělání z ekonomie.
- Jiná

Napište vlastní odpověď

Zbývá 100 znaků

4

Víte, co je nepodmíněný základní příjem?

- Nevím, nikdy jsem o tom neslyšel/a.
- Sociální dávky.
- Finanční částka, kterou pobírá každý občan státu, bez ohledu na jakékoliv podmínky.
- Jiná odpověď.

Napište vlastní odpověď

Zbývá 100 znaků

5

**Toto je definice nepodmíněného příjmu dle basicincome.org:
"Nepodmíněný příjem je takový příjem, který je vyplácen každému občanu zvláště bez pracovních či jiných podmínek." Dostáváte tedy určitou částku od státu a pracujete pro zvýšení příjmu nebo z jiných důvodů než je existenční problém. Váš příjem nemůže zcela zmizet. Jedná se o alternativu stávajícího sociálního systému. Pokud si představíte situaci, že vláda tuto možnost projednává, jaká je Vaše reakce?**

- Negativní.
- Spíše negativní.
- Neutrální.
-

- Spíše pozitivní.
- Pozitivní.

6

Které z možných spojitostí s nepodmíněným základním příjmem by pro Vás hrály největší roli?

- Někteří lidé by mohli ztratit chuť pracovat.
- Možné financování z progresivní daně z příjmu. (Čím větší příjem, tím vyšší procento zdanění.)
- Možnost zavedení daně z luxusu. (Možné financování)
- Zpřísnění ekologické daně. (Možné financování)
- Imigrace za účelem získání nepodmíněného příjmu.
- Možné financování z daně z přidané hodnoty.
- Možné financování z výdělku státních podniků.
- Fixní částka i pro občany pobírající starobní důchod.
- Méně stresu ze strachu ze ztráty práce.
- Možnost věnovat se práci, která Vás baví.
- Ocenění žen v domácnosti, na rodičovské dovolené, osoby pečující o starší nebo postižené příbuzné, aj. - bez administrativních "průtahů".
- Možnost věnovat se studiu.
- Příležitost pro chudé se vymanit z pasti sociálních dávek, kdy akceptování práce znamená buď žádnou nebo jen minimální změnu k lepšímu.
- Jiná
- Napište vlastní odpověď

Zbývá 100 znaků

7

Jaká by byla dle Vás adekvátní výše nepodmíněného příjmu?

28. 4. 2016

Váš názor na nepodmíněný základní příjem 1

- Do 5 000 Kč
- 5 000 - 10 000 Kč
- 10 000 - 15 000 Kč
- 15 000 - 20 000 Kč
- 20 000 - 25 000 Kč
- 25 000 - 30 000 Kč
- Více než 30 000 Kč
- Jiná

Napište vlastní odpověď

Zbývá 100 znaků

8

Jestliže byste dostávali základní příjem ve výši 10 000 Kč, změnili byste svůj životní styl? (Přestali zcela pracovat)

- Přestal/a bych pracovat.
- Pracoval/a bych na zkrácený úvazek.
- Nezměnil/a bych nic.
- Jiná

Napište vlastní odpověď

Zbývá 100 znaků

9

Jak velký by musel být základní příjem, abyste vůbec uvažovali o odchodu ze zaměstnání?



Napište větu

Zbývá 250 znaků

**Nepodmíněný příjem, je alternativou stávajícího sociálního systému.
Která z těchto možností by získala Váš hlas v občanském referendu?**

- Současný systém sociálního zabezpečení.
- Nepodmíněný základní příjem.
- Pokud je Vám toto rozhodnutí lhostejné, prosím, udejte stručně proč.
- Napište vlastní odpověď

Zbývá **100** znaků

ODESLAT DOTAZNÍK

Vytvořte si vlastní **dotazník** (http://www.survio.com/cs/?source=survey_footer&medium=link&term=survey_link) zdarma ✓ **Survio** (http://www.survio.com/cs/vlastnosti?source=survey_footer&medium=link&term=brand) Vám pomůže