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Basic Income: Is It Feasible in Türkiye?

Arınç BOZ *(https://orcid.org/0000-0002-4936-1339), Zonguldak Bülent Ecevit University, Türkiye; arincboz@hotmail.com*

Temel Gelir: Türkiye'de Uygulanabilir mi?

Abstract

Regarding justice in income distribution, basic income (BI) draws attention. This study aims to analyse the feasibility of BI and its cost in Türkiye. The feasibility of BI is evaluated by creating two scenarios. The first scenario is a BI grant equal to the poverty line for people aged 18 or older, while in the second scenario, the full amount in the poverty line is distributed for people aged 15 or older and 1/3 of the full amount for those below 15. The results indicate that the costs of the two scenarios are 29.5% and 35% of GDP.

Keywords : Basic Income, Türkiye, Income Distribution.

JEL Classification Codes : D31, H23, O15.

Öz

Gelir dağılımında adaleti sağlamada temel gelir (TG) düşüncesi dikkat çekmektedir. Bu araştırma Türkiye'de TG'nin uygulanabilirliğini ve maliyetini analiz etmeyi amaçlamaktadır. TG'nin uygulanabilirliği iki senaryo oluşturularak değerlendirilmiştir. İlk senaryoda 18 yaş ve üzeri kişiler için yoksulluk sınırına eş bir TG hibesi uygulanmakta iken ikinci senaryoda, yoksulluk sınırında bir miktar 15 yaş ile üzeri kişilere ve tam miktarın 1/3'ü 15 yaş altı kişilere dağıtılmaktadır. Sonuçlar, iki senaryonun maliyetinin sırasıyla ortalama GSYİH'nin %29,5'i ve %35'i olduğunu göstermektedir.

Anahtar Sözcükler : Temel Gelir, Türkiye, Gelir Dağılımı.

1. Introduction

Every government wishes its citizens to have a high standard of living with purchasing power. Distributing income equally, achieving low unemployment, and eliminating poverty would be one of the main aims of societies. In addition, the COVID-19 pandemic showed the importance of social policies. Rule makers also should not ignore securing justice, both juridical and economic. The economic solution to ensure justice is the equal distribution of income. Despite the efforts made by governments, it could be said that income was not distributed equally during the last century (Chancel et al., 2022).

One of the ideas that attracted the attention of economists is basic income (BI), which is used to secure justice in income distribution. The debate about BI started during the past two centuries, but especially in the last quarter of the 20th century, it has spread to different areas of social sciences. As the studies widened, various topics like the effect of BI on psychology, freedom, labour, income distribution, and its cost were discussed (Van Parijs, 1992; White, 1997; Van Parijs, 2004; Raventos, 2007; Standing, 2008; Torry, 2020).

Studies about BI have increased in Türkiye, as in the rest of the world. However, limited studies comprehensively analyse the application and cost of BI in Türkiye (Buğra & Sınmazdemir, 2004; Kaya, 2019; Erdoğdu & Akar, 2020; Şahin & Kılıç, 2021). In this direction, the study aims to evaluate BI income and calculate the cost of BI in Türkiye.

Besides being a factor affecting the feasibility of the BI grant, the affordability and financing methods of the BI are not discussed in detail. The affordability and feasibility of BI depend on the planned benefit level. However, BI proposals and cost analysis in the earlier discussions presuppose far below the national poverty lines. For instance, the IMF (2017) created a scenario where BI represents half of the poverty line in OECD countries. Given these circumstances, the study's originality comes from BI's poverty level. Additionally, in the national literature, cost analyses of BI are not focused in detail. The study's contribution is to analyse BI's feasibility by creating two different cost scenarios in Türkiye between 2010 and 2022.

Calculations are carried out using Household Budget Survey (HBS) data. The Turkish Statistical Institute (TurkStat) publishes the HBS periodically. The HBS lists data about income levels, consumption habits, and employment status of households and individuals. An individual microdata set was chosen from the survey between 2010 and 2022 to analyse the effect of basic income. As the current data in Turkstat reaches 2022, the calculations are limited to 2022.

The first part of the research discusses the theoretical framework and debates about basic income. The second part gives the methodology and data. In the following section, I present my calculations for the basic income in Türkiye from 2010 to 2022. Different BI scenarios and their costs are shown. Finally, the findings obtained from the research are evaluated.

2. Theoretical Framework and Discussions

The more we search for the history of BI, the further back in time we go. During the archaic age BC 461 in Athens, Pericles and Ephialtes pioneered the idea of payment to citizens. However, the idea was not called 'Basic Income' in past thoughts. Other thoughts about BI brought researchers to Magna Carta Libertatum, signed in 1215. Magna Carta mentioned that widows are to be paid for or provided with specific basic needs of women, such as food and shelter (Standing, 2017).

In the 16th century, Thomas More was the one who mentioned the idea of payment to every member of society. Nonetheless, the speculated society was cashless (More, 1995). Despite different ideas, it is possible to say that the inventor of BI was Thomas Spence at the end of the 18th century. He offered quarterly periodic income for every adult without condition, means-test, and work requirement individually (Torry, 2021: 33-43). In sum, the idea could go back to BC 461, but the modern thoughts of BI started in the 18th century. After the middle half of the 19th century, academic research and debates about BI increased. In 1986, the Basic Income European Network (BIEN) was established by a group of economists, social scientists, and philosophers. After the establishment of BIEN, the concept was to draw more attention from politicians, journalists, activists, and the academic community.

Various names are used instead of BI: guaranteed income, unconditional basic income, universal basic income, basic income grant, citizens' income, and social dividend. Even if there is no agreed-upon name in the literature, I believe the concept of basic income is the most inclusive. BI is an income paid by the government or a political community to all people on an individual level, without means tested and by ignoring people's working conditions (Van Parijs, 2004: 8). As a right of being a citizen, BI is unconditional, automatic, non-withdrawable, individual cash payments (Citizen's Basic Income Trust, 2023).

There are some reasons behind the suggestion of BI. BI implies freedom and economic security to the citizens by securing social justice. Supporters of this idea believe that BI would strengthen freedom and give bargaining power to the workers; it would provide them with the freedom to start a small-scale business or leave a job that employees hate. In addition, BI would give freedom to leave an abusive relationship, or it would provide partners to have children (Standing, 2017). In short, it is possible to say that from their jobs to daily relationships, BI may increase people's standard of living.

Apart from its effect on social justice, BI has some more advantages. Along with implementing BI, poverty can be reduced, and income inequality decreased. All people get their basic needs. In addition, BI promotes gender equality by giving women more bargaining power against insecure jobs. Other positive sides of BI are lower administrative costs and increased transparency in the bureaucracy (Zheng et al., 2017). Besides its effect on income distribution and poverty, BI seems a solution for dealing with social and economic risks, which emerge after new technological developments (Martinelli, 2017: 5).

The other topic related to BI is its macroeconomic effects. Extra money flowing into the market would propel economic growth by increasing aggregate demand. Within the BI payment in an economy, the purchasing power of low incomes could increase, which helps the economy expand. Protecting people from potential large-scale and technological unemployment is also the upside of the BI idea. Also, with the economic growth, citizens could have more job opportunities. One criticism of BI is inflation. The BI supporters believe the idea will benefit lower-income people the most. As basic goods and services have high elasticity of supply, the response to rising demand should be supported by increasing quantity. An economy might not have an inflation problem because the supply side is controlled. Lastly, BI could be funded by changing public expenditure rather than by extra spending; the inflationary effect could be mitigated (Standing, 2008).

Besides the advantages BI might bring to societies, there are some criticisms about the idea. Some conservatives have arguments against basic income in two aspects. BI policy requires high tax rates, and giving a non-means-tested benefit will harm the incentive to work (Clark, 2003: 153). Even if BI gives freedom to society, it might fracture us by providing the choice to withdraw from the social world (Calnitsky, 2017: 67). Francese and Prady (2018) stated that even though BI is more effective in reducing poverty in emerging economies, the effect decreases over time. Conesa et al. (2023) asserted that BI could result in welfare losses depending on the financing method. In addition, BI is more complicated than it looks because of the questions that many choices must be considered; the effects of BI may vary by how it is specified, and it might vary across different nations (Aerts et al., 2023: 19). General criticisms about this idea can be summarised as its applicability, financing that it will dismantle the welfare state, make people unemployed, cause inflation, lower wages, and induce in-migration, attract immigrants to the country (Standing, 2017).

The more we discuss the BI idea, the more questions arise about the role of government. Undoubtedly, the role of government changes over time. Modern governments' functions are to increase and equitably distribute resources. These functions of the government are called the 'welfare state'. Especially after the second part of the 20th century, post-industrialisation problems, increasing income inequality, and insecurity issues necessitate the government to be the key actor to prevent problems (Briggs, 1961: 228).

The theoretical way of BI is its connection to freedom and justice. There are different considerations about liberty in society. From a libertarian perspective, August von Hayek asserts that freedom is strongly connected with the free market mechanism. In society, freedom can only be achieved through liberal policies (Platz, 2020: 36). According to Robert Nozick (1974), minimal government is necessary for society to ensure freedom. When discussing freedom or justice, we should not overlook the contribution of John Rawls. Rawls (1971) highlights that all citizens should have equal rights to fundamental liberty in society. One of the pioneers of BI in the 20th century, Philippe Van Parijs (1995), emphasises that freedom should be for all people, and it could be achieved by maximising freedom, especially for the people who are worse off.

The idea of BI is strongly correlated with freedom and justice theories. Having an independent income, individuals could not be forced into positions that may suffer or restrict their freedom. BI would allow the most vulnerable at work to choose by increasing their bargaining power. People could live a good life from their perspective. So, if one values freedom for all people, one opposes situations that force societies to decide between survival and a life that they do not desire for themselves (Bidadanure, 2019: 487).

BI has multiple relationships with freedom, economy, psychology, and sociology. Experiments play a fundamental role in improving the understanding of this concept and evaluating the preliminary results of the idea. As every society differs in some ways, pilot projects would provide information on the implications of the policy. Until 2024, there have been 192 different experiments throughout the world. Some experiments were concluded, and some continue (Stanford Basic Income Lab, 2024). From South America to Canada, from South Africa to Europe, BI experiments have spread to various regions.

The implementation of the experiments varies. The participant group differentiates the experiments. Some payments in experiments are just for children or low-income citizens, while some are for the whole society. Also, the experiments show differences according to the amount of money, region, and grant duration. Germany launched an experiment with 1464 participants who paid €1200 monthly for a year. In Kenya, with 20.847 participants from 2017, there is still an ongoing BI experiment. In India, 10 million women were granted 1000 Indian rupees per month, which the government funded. In China, the government of Macau granted $1,150 for permanent residents and $750 for non-permanent residents yearly (Stanford Basic Income Lab, 2024). In sum, as the idea of BI drew more attention, more projects and studies appeared. Thus, the preliminary results of BI could be revealed.

The BI idea can be implemented wholly or partly in different scenarios. Andersson (1996) asserts that a scarce amount of BI and a citizen's wage outside the labour market activity is eco-friendly and socially beneficial. The amount of BI was discussed by Van Parijs et al. (2000). A BI grant might be sufficient to meet basic needs (full amount) or might not (partial amount). The accepted amount could be that they can keep whatever they earn. The pioneer of BI argues that the amount should be basic, adequate to be worth to the recipients, but not so high as to provide total security (Standing, 2021). Hamilton et al. (2023) surveyed 836 Americans and concluded that monthly payments are associated with work disincentives while lump-sum BI transfers are associated with debt repayment. Briefly, determining the exact amount of BI is a controversial issue. One interpretation considers BI should be set at a high amount to meet basic needs (Jordan, 1988; Baker, 1992; McKay, 2001; Pettit, 2007), while the other interpretation considers that the amount of BI is not necessarily fixed at a subsistence level (Achterberg, 2002; De Wispelaere & Stirton, 2004; Van Parijs, 2004).

Literature on BI varies in terms of its necessity, feasibility, cost, features, and relationship with equality and justice. Pinilla-Pallejà and Sanzo-González (2004) calculated the cost of BI in Spain, and they found that the cost is 2% of GDP. One of the most

comprehensive studies analysing the cost is that the IMF (2017) estimated BI for OECD to be half of the poverty line and concluded that the costs are around 6-7% of GDP in advanced countries. Ortiz et al. (2018) evaluate key issues and the global costing of BI. BI cost estimates for 130 countries were calculated using two different scenarios. In scenario I, the cost of BI as a percentage of GDP in Türkiye was 25.1%, and in scenario II, it was 21.9%. Another study result is that some BIs have the upside of advancing equity and social justice, while some results highlight net welfare loss in some countries. Widerquist and Arndt (2020) studied the cost of BI in the United Kingdom (UK). According to the result of the study, the cost of the poverty line BI to the UK economy is 3.4% of GDP. Various studies analysing the cost of BI could be found in the literature (Bergmann, 2004; Levy et al., 2006; Zamore, 2018; Gundersen, 2021).

Studies and discussions on basic income in Türkiye have matured since the 21st century. The idea of BI, its features, historical perspective, and different examples throughout the world were discussed (Yapıcı & Karabulut, 2018; Orlu, 2019; Beken, 2021; Rakıcı & Bozdağ, 2022; Salih & Erikli, 2022). Apart from these studies, Kaya (2019) discussed BI as a social expenditure in Türkiye. He asserted that a possible BI grant in Türkiye could be minimal, and to finance it, BI could be supported with a high progressive Income Tax. In their study, Kahvecioğlu and Çakmak (2022) conclude that structural problems in the Turkish tax system should be solved to advance income distribution within the implementation of BI. Buğra and Sınmazdemir (2004) highlighted that the most significant BI scenario for Türkiye is a monthly $65 payment to 14% of the households, whose daily income is less than $2.15. The cost of this scenario is calculated as 0.56 per cent of GDP. Lastly, Şahin and Kılıç (2021) calculated the applicability of BI in Türkiye. The research found that the BI amount calculated by their scenario can reduce the Gini index from 0.388 to 0.181 when the scenario costs 17.77% of GDP in 2017.

3. Data and Methodology

In this part of the research, the distributional effect of possible BI policies and the cost of this policy are evaluated with microdata analysis for Türkiye between 2010 and 2022. Microdata, which is produced by the National Statistical Offices of the countries, gives information about households and individuals' social and economic situations, employment status, income levels, and consumption habits. After the 2000s, microdata and research on different subjects increased (Fuest et al., 2009: 1).

The microdata, Household Budget Survey (HBS), was gathered from TurkStat. The microdata set is the most recent one available. In 2020 and 2021, TurkStat did not produce the HBS. That is the reason why these years are not included in the research. In HBS, there are various data about the income level, source of income, consumption habits, and socioeconomic and employment status of the households and individuals. As BI is an individual idea, individual data was chosen for the research. The individual microdata can only be accessed through the application. The results could be generalised as the data is a random sample from the whole population. After gathering the data, considering the

individual's income level, the data is analysed yearly. BI is equal to the poverty line added to an individual's income. The data about the poverty line is taken from the Confederation of Turkish Trade Unions. The STATA program is used to calculate the Gini coefficients both before and after the BI grant.

The most criticised topic about BI is its cost. Even though some countries support BI grants, the cost might threaten policymakers. Faced with high inflation rates, the depreciation of the Turkish Lira against foreign currencies makes the Turkish economy vulnerable. That is why the yearly effects of BI might change. To make the debate more comprehensive, I have calculated the cost of BI in different years for Türkiye.

Even if the idea is imagined to cover every person, calculations differ by people's age in studies. There is no agreed-upon age limit in the literature. Ortiz et al. (2018) created BI scenarios for people aged 15 years and over in a poverty line and for people under 15, half of the poverty line. When Şahin and Kılıç (2021) studied BI over 15 years old at the level of the poverty line, and BI equal to 30% of the poverty line for people under 15 years old. Torry (2018) mentioned the BI amount for those over 16.

From this perspective, I have created two different BI scenarios and calculated the cost of BI for Türkiye. In the first scenario, I calculated the BI payment equal to the poverty line for individuals aged 18 or older. In the second scenario, people aged 15 and over receive a BI grant equal to the poverty line, while the BI amount for people under 15 is 1/3 of the current poverty line.

Table: 1
Data from the Household Budget Survey

Year	The Number of Households	The Number of Individuals	The Average Household Size
2010	13,248	38,206	3.78
2011	13,248	37,121	3.74
2012	13,248	36,343	3.63
2013	13,248	36,812	3.65
2014	13,248	36,844	3.63
2015	15,264	40,956	3.56
2016	15,552	42,625	3.52
2017	15,552	42,255	3.47
2018	15,552	40,688	3.44
2019	15,552	38,744	3.36
2022	15,552	39,188	3.28
Total	159,264	429,782	

Note: The calculation has been made using data from the Household Budget Survey.

Table 1 indicates information about microdata between 2010 and 2022. It can be observed that the number of households has increased while the number of individuals has fluctuated over the years. The data from TurkStat consists of 159,264 households and 429,782 individuals. Another indicator is household size. 2010 the average household size was 3.78, while in 2022, it declined to 3.47. This situation indicates a change in fertility in Türkiye.

Table: 2
Descriptive Statistics of Türkiye

Year	Total Population	Share of People Aged 18 or Older (%)	Share of People Aged 15 or Older (%)	Total GDP (billion $)
2010	73,722,988	69.2	74.4	778
2011	74,724,269	69.6	74.7	839
2012	75,627,384	69.9	75	881
2013	76,667,864	70.3	75.4	958
2014	77,695,904	70.6	75.7	939
2015	78,741,053	70.9	76	864
2016	79,814,871	71.3	76.2	870
2017	80,810,525	71.6	76.4	859
2018	82,003,882	72	76.6	778
2019	83,154,997	72.4	76.8	760
2022	85,279,553	73.5	78	907

Source: The calculation was made using TurkStat and World Bank data.

Table 2 shows some descriptive statistics about Türkiye's population and GDP. Between 2010 and 2022, the percentage of people aged 18 or over increased, while the share of people over 15 rose as the population aged. Implementing BI policies might cost more because the population, which could be paid the full amount, is expanding. Also, the total GDP of Türkiye decreased until 2019 due to the devaluation of the Turkish Lira against the American Dollar.

4. Calculation of Basic Income

Before calculating the BI, I estimated its possible effect on income distribution. The literature is almost unanimous about BI's positive impact on income distribution. I used microdata from HBS and Gini coefficients for income distribution analysis to support this.

Table: 3
The Effect of Basic Income on Income Distribution (Gini Coefficients)

Year	Net Income	Net Income After Basic Income
2010	0.401	0.257
2011	0.416	0.271
2012	0.408	0.272
2013	0.421	0.274
2014	0.436	0.276
2015	0.441	0.275
2016	0.412	0.265
2017	0.432	0.271
2018	0.414	0.259
2019	0.408	0.255
2022	0.432	0.212

Note: The calculation has been made using data from the Household Budget Survey.

As shown in Table 3, after transferring a BI grant at the poverty line to the net income of the individuals, income is fairer in all years. The lower the Gini coefficient, the more equally income is distributed, because in all years, the Gini coefficient decreases after BI. Gini coefficients decrease from 0.401-0.441 to 0.212-0.276. In sum, these results indicate that the BI grant has a considerable effect on securing just income distribution.

The calculation of BI starts with differentiating the population. I categorised the population of Türkiye by age. In addition, to determine the amount for the BI grant, I

extracted poverty line data. Then I created two different basic income scenarios. The first scenario is the full amount of BI in the poverty line intended for people aged 18 or above. The second scenario is the full amount of money in the poverty line for those 15 and over. Also, for the second scenario, 1/3 of the BI is given to people below 15.

Table: 4
Poverty Line in Türkiye (Monthly/$)

Year	Families with Two Children*	Individuals
2010	1830	457
2011	1614	403
2012	1796	449
2013	1651	413
2014	1722	430
2015	1544	386
2016	1573	393
2017	1386	347
2018	1195	299
2019	1184	296
2022	1414	353

Source: The calculation was made using data from the Confederation of Turkish Trade Unions and the Central Bank of the Republic of Türkiye.
** The numbers may not sum to the total due to rounding.*

Table 4 shows the poverty line in Türkiye. As the data is for families with two children, I calculated a personal poverty line in dollars. The table shows that family and personal poverty lines are decreasing due to the devaluation of the Turkish Lira. In 2010, the poverty line for one person was $457, while in 2019, it was $296. To evaluate the monthly cost of BI, a personal poverty line is granted to individuals yearly.

Table: 5
Cost of Basic Income*

Year	Scenario I % of GDP	Scenario II % of GDP
2010	36.04	43.19
2011	30.02	35.86
2012	32.30	38.48
2013	27.87	33.14
2014	30.18	35.82
2015	29.93	35.44
2016	25.98	30.67
2017	28.04	32.98
2018	27.21	31.87
2019	28	32.88
2022	29	34.03

Source: The calculation uses data from TurkStat, the Household Budget Survey, and the World Bank.
** Administration costs not included.*

The calculation of the cost of BI based on two different scenarios is listed as a percentage of GDP. Scenarios are calculated from the population shown in Table 2 and the amount from Table 4. Scenario I, which is the full amount in the poverty line for people aged 18 or over, the cost on average is 30% of the GDP in Türkiye. In 2010, the cost of BI to the Turkish economy was around 36 per cent on average. During the fluctuations in 2019, the cost of BI decreased to 28% of GDP. In 2022, the cost increased to 29% of GDP. Scenario II is the full amount of BI to the people aged 15 or over, and 1/3 of the full amount to those younger than 15. As the second scenario covers more people, the Turkish budget is predicted to cost more. The average cost of scenario II is around 35% of GDP. In 2010, scenario II

cost more than 43% of GDP, while in 2019, the cost decreased to 33%. Table 5 indicates that the cost of the BI grant percentage of GDP decreases in percentage. As the Turkish Lira devalues against the American Dollar, the amount of BI paid to people below the poverty line decreases in dollars. 2010 the monthly individual BI was $457; in 2022, it declined to below $353.

According to the calculation results, the two scenarios cost 29% and 35% of GDP on average between 2010 and 2022, respectively. In their calculations, Şahin and Kılıç (2021) found that BI costs 17.77% of Turkish GDP. The reason behind the difference in the results is the poverty line. The poverty line data collected from different sources varies. Ortiz et al. (2018) created two scenarios based on the national poverty line of Türkiye. They found that the first scenario costs approximately 25% of GDP, while the second costs 22%.

The issue of financing the cost of BI is controversial. Various factors should be considered when evaluating the cost. As governments are the first to be considered to finance the cost, it is important to analyse the tax and benefit system of Türkiye.

5. How to Finance Basic Income?

The principal channel for creating more resources for BI is increasing tax revenues. Governments impose taxes to enhance revenue to finance government services, discourage or encourage citizens' behaviour, change their consumption habits, and interfere with income distribution (Bird & Zolt, 2004: 1627). Besides its effect on the budget, governments aim to shift the tax burden from low-income to high-income individuals within progressive taxation. A progressive tax system is necessary for providing justice (Bikas et al., 2014: 84). One of the aims of the BI grant is to decrease income inequality; imposing a progressive income tax would be one solution to increase government revenue and redistribute income. If income tax is imposed more on high-income individuals and this money is used as a BI grant, the income distribution effect would be even more equal than in Table 3.

The income tax system in Türkiye is progressive, and the income tax rates are 15%, 20%, 27%, 35%, and 40% related to taxpayers' income amounts. Within the decision published in the Official Journal dated 27.12.2019 and numbered 30991, from 2020, a new tax bracket was imposed in the tax system, which is 40%. After 2020, high-income earners will be imposed a 40% income tax. A detailed descriptive explanation of the income tax is shown in Table 6.

Table: 6
Income Tax in Türkiye ($)

Year	Tax Revenue (Billion)	Income Tax Revenue (Billion)	% Income Tax in Total Tax Revenue
2010	136	26	19.18
2011	133	25	19.23
2012	156	31	20.26
2013	152	29	19.55
2014	151	31	20.96
2015	139	29	21.03
2016	154	32	21.05
2017	142	29	20.95
2018	117	26	22.36
2019	113	27	24.15
2020	112	21	19.06
2021	87	16	18.85
2022	125	19	15.15

Source: Republic of Türkiye Ministry of Treasury and Finance.

In Table 6, the tax revenue and income tax revenue of Türkiye are presented. One result from the table is that even if a new tax bracket is announced in 2020, income tax in total tax revenue is declining. In 2019, income tax was 24% of total tax revenue; in 2022, it decreased to 15%. This is quite striking. Tax exemptions and exclusions prevent taxpayers from paying more tax when calculating individuals' income tax liability. It is important to note that the exemptions and exclusions rules in the system must be determined to avoid tax abuse. Another issue about the Turkish tax system is the shadow economy. From 2003 to 2022, the shadow economy in Türkiye averaged 29.2% of GDP. This average is far more than that of European Union countries (Schneider, 2022: 303-305). Lastly, direct and indirect taxes are also topics that affect income distribution. Direct taxes are thought to be just because high-income groups pay heavier burdens according to their ability to pay than low-income citizens. That is why the percentage of direct and indirect taxes in total taxes is a way to evaluate justice in taxation. As for Türkiye, indirect taxes outweigh direct taxes. It could be said that the tax system is not equitable. Additionally, by the Presidential Decree published in the Official Journal No. 32241 dated 07 July 2023, there has been a change in tax rates in Türkiye. Value-added tax and special consumption tax rates increased by different percentages. This decision is expected to affect justice in income distribution negatively.

Another way of financing the BI is through government expenditures. Governments transfer money to lower-income people. Citizens get social benefits based on their social status, physical condition, age, employment situation, etc. This kind of social benefit redistributes income from high-income earners to low-income earners. Within social benefits, the government aims to provide justice in income distribution.

Table: 7
Distribution of Social Benefits in Türkiye

% of GDP								
Year	**Total* Social Benefits**	**Administrative Costs**	**Healthcare**	**Disability**	**Old Age Pension**	**Survivors**	**Family-Children**	**Unemployment**
2010	13	0.2	4	0.4	6.7	1.1	0.3	0.1
2011	12.8	0.2	3.8	0.4	6.8	1	0.4	0.1
2012	13.8	0.3	4.2	0.5	6.5	1.6	0.4	0.2
2013	14	0.3	4.2	0.5	6.7	1.6	0.4	0.2
2014	12.1	0.2	3.6	0.5	6.7	1.4	0.4	0.2
2015	12	0.2	3.4	0.4	5.8	1.3	0.4	0.2
2016	12.9	0.2	3.5	0.5	6.2	1.5	0.5	0.3
2017	12.3	0.2	3.3	0.4	6	1.4	0.5	0.3
2018	11.9	0.2	3.2	0.4	5.9	1.4	0.5	0.3
2019	12.5	0.2	3.4	0.4	6.1	1.5	0.5	0.4
2020	13	0.2	3.4	0.4	6	1.5	0.6	0.9
2021	10.8	0.1	3.3	0.3	4.9	1.2	0.5	0.4
2022	8.4	0.1	2.6	0.3	3.8	1	0.5	0.1

Source: TurkStat.
** The numbers may not sum to the total due to rounding.*

The total social benefit of GDP is presented in Table 7. On average, 12% of the GDP in Türkiye is allocated to the social benefits system. Besides healthcare, which is on average 3.5% of GDP, 9.5% is for social benefits. It could also be seen from the table that total social benefits started to decline in 2022, showing the government having less effect on these kinds of transfers. BI would be financed by transferring some resources from, for example, family or unemployment benefits. Under this method, governments could need less money to finance BI.

In summary, the findings of the study include:

- People aged 15 or older are expanding in Türkiye. This means the BI idea might be more challenging in the years ahead.
- The BI scheme benefits households by lowering Gini coefficients from 0.401-0.441 to 0.212-0.276 in Türkiye. This is the fairer distributive indicator of BI in Türkiye.
- The poverty line in Türkiye is declining in dollars due to the devaluation of the Turkish Lira. This is one reason behind the reduction in the cost of BI in Türkiye.
- BI scheme costs are at 29.5% and 35% of GDP on average in Türkiye in the years considered, based on two scenarios.
- Income taxes in total taxation are declining in Türkiye. As income tax is one of the indicators of justice in taxation, this result weakens the effect of progressive income tax.
- Total social benefits are 12% of GDP on average between 2010 and 2022. In 2022, social benefits accounted for 8.4% of GDP 2022.

6. Conclusion and Suggestions

The study is limited to analysing the cost of the BI in Türkiye. Two scenarios indicate that BI costs 29.5% and 35% of GDP on average in Türkiye in the analysed years. In the

first scenario, the full payment amount is given to people aged 18 or over. The second scenario is more comprehensive. Scenario II covers the whole population. The full amount of money in the poverty line is given to people aged 15 or over, and 1/3 of the poverty line to people below 15.

Türkiye is getting older, as the population over 18 increased from 2010 to 2022. According to my scenarios, more people should be paid the full amount of BI in the coming years. However, the individual BI amount in the poverty line is decreasing in dollars with the devaluation of the Turkish Lira against the American Dollar. That is why in both scenarios, the cost of BI of GDP has been declining for some years.

Table 6 presents income tax as a percentage of total taxes. As a striking result, even if a new tax bracket is announced in the Turkish tax system in 2020, the share of income tax in total tax revenues decreases after 2020. This may be due to the prevalence of indirect taxes. This finding indicates the challenge of implementing progressive income tax in Türkiye to create extra revenue.

Social benefits in Türkiye, as a percentage of GDP, decreased to 10.8 in the analysed years (Table 7). Total benefits declined from 13% to 8.4% as a percentage of GDP between 2010 and 2022. This shows that the government allocates less money for social benefits in GDP. It is vital to note that BI may cause other social benefits to decrease. So, by funding BI, governments may reduce the cost of their social benefit policies.

To evaluate the results, firstly, based on two scenarios, it would be hard to start a BI grant for Türkiye, as it costs 29.5% and 35% of GDP on average. To reduce the cost, the amount paid to the people could decline, and that could make the idea applicable. Maybe a $100 monthly payment to individuals over 18 could be a start for the BI project. Another way of actualising the concept is implementing BI for just the unemployed. In this way, the cost undoubtedly declines. However, BI is not a conditional grant. Regular payments to the unemployed might not be called BI, but it could be a start for Türkiye. In addition, after planning BI for society, paid people must participate in a regular survey. The data gathered from the survey might be analysed to see the result of the idea. Also, before starting a BI project, governments should apply pilot studies. The calculation represents the gross cost of BI. However, the actual cost of BI might be less because a shift in the income tax burden from low-income earners to high-income earners means beneficiaries partially finance the scheme themselves.

Taxes have a substantial role in financing BI. However, in the Turkish tax system, indirect taxes dominate the tax revenues. As we know, the more tax revenues are collected from direct taxes, the more taxation there is. In addition, within the new law in July 2023, special consumption tax rates for gasoline rose, and value-added taxes increased from 8% to 10% and from 18% to 20% for some goods and services. After the new law, the tax system is predicted to be less equal and more dominated by indirect taxes. Another problem in the Turkish tax system is exemptions and exclusions. Tax exemptions and exclusions limit the

government's tax revenues and should be planned and audited accordingly. Last but not least, Türkiye is one of the countries suffering from the shadow economy. The government had better develop control mechanisms to prevent a shadow economy, and taxpayers should be encouraged to participate in the formal economy.

Social benefits, money paid for family, survivors, or the unemployed, might partly be transferred to the BI. Therefore, the cost could be less than what is calculated. BI could reduce the social benefits paid by the governments to individuals. It can also potentially replace some or all existing social security systems. In addition, as BI is not directed to any group, the administrative cost of the grant would be less than that of other social benefit systems, which makes the idea applicable.

One topic to discuss is the welfare system in Türkiye. The total social benefits declined to 8.4% of GDP. A BI would have some advantages over the social welfare system in Türkiye. Firstly, if the BI is set at an appropriate level, it would bring the society to the poverty level, and there might be fewer contributors to social benefits. Thus, income might be distributed more fairly. Secondly, some benefits in the Turkish welfare system may shrink. There might be fewer people who benefit from the family-children allowance or the unemployment allowance. Therefore, more money could be used to finance the BI. Thirdly, BI would need fewer administrative actions.

BI can reduce income inequality, as indicated in Table 3. As for Türkiye, BI seems like a long way, both because of its costs to the economy and problems in the tax and benefit systems in Türkiye. The government should implement structural reforms, and macroeconomic stability should be provided, especially on inflation, to make progress on the BI idea in Türkiye.

Some communities are proposing funding methods for BI. The World Bank (2023) asserts that labour taxes are not feasible. An alternative way of financing BI could be to increase consumption taxes. Another discussion about financing is carbon taxes (UNESCO, 2021).

The International Labour Organisation also attributed the financing of BI to its benefit level. Also, the organisation suggests financing methods for BI (Ortiz et al., 2018):

- Reallocating public expenditures,
- Increasing tax revenues,
- Lobbying for aid and transfers,
- Eliminating illicit financial flows,
- Using fiscal and central bank foreign exchange reserves,
- Restructuring existing debt,
- Governments need to explore new financing sources.

Undoubtedly, this study is not the last study on BI. The study is limited to the cost of the idea to evaluate its feasibility. Some other factors can test the feasibility of the BI. The psychological feasibility, which concerns its legitimacy; the behavioural feasibility, which focuses on the labour market behaviours; the institutional feasibility, which examines the conditions that should be in place for the BI to address desirable outcomes; and the strategic feasibility, which considers strategies for building powerful political coalitions. For further research, these factors could be focused on under the political feasibility. To assess the feasibility, it is also vital to search for the impacts that BI could have on lower-income and high-income individuals. Another topic to discuss is the long-term effect of BI. Even if the effect might change from society to society, providing a BI would improve education. Higher levels of educational attainment are related to better health outcomes. The long-term effects of the BI on the growth, inequality, and welfare in Türkiye are also a research topic to discuss in the future.

As for Türkiye, various research, conferences, and discussions, especially political ones, could be arranged. The government could co-work with different institutions. To see the effect on society, pilot studies should be encouraged by the various government institutions. Especially by creating academic projects, pilot regions should be set, and the cultural behaviours of the society after BI might be observed. The government should ensure financial stability, distribute income more fairly, and achieve the objective of economic growth for Türkiye.

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