

George, Yoomurjak and the Tax - The Influence of Migration on Taxes

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Abstract: “George couldn’t take his eyes off the little line. It was almost at the bottom of the screen – then seemed to pull up a tiny bit. It was still falling, but not quite so steeply. George stared – and it did it again. Someone behind him took a deep breath. George glanced at Eric – and saw that he was beaming in delight, his eyes flicking back and forth over the unceasing columns of numbers.

‘Not what we expected!’ Eric whispered to himself. ‘Not what we expected at all!’”

It is known from George and the Big Bang by Lucy & Stephen Hawking that the simulation of the Big Bang by Cosmos, the supercomputer has verified all are theories about time and space as we know them.

Pushing the moral panic button is a Hungarian specialty, according to Professor Endre Sik, since such an expensive and long-lasting manipulation affecting all can hardly be found anywhere else in the world. It happened in a period when the tendency to view migration and terrorism as key problems increased significantly in the whole of Europe. What is the use of the budget when pushing the moral panic button results in growing xenophobia? The face of the moral panic button is Yoomurjak, who is a free and well-known brand (Eclipse of the Crescent Moon (Egri csillagok) is part of the national core curriculum), a Turk, a Muslim, an illegal trespasser, a kidnapper, a loser, disabled, scary and “cut by a Turkish child.....”

We start our analysis with the Muqaddimah, written by Ibn Khaldun, the 14th-century Muslim philosopher, and we arrive at researcher Stuart Rankin explaining the theory of the Big Bang. We have experimented with applying patterns described by the leading figure of Islamic economics in order to understand the effect migration and pushing the moral panic button have on taxes.

During our work we may not get such a surprise as Professor Eric, when we find that rules we have known for centuries apply to the moral panic button as well.

Keywords: taxation, migration, yield, assessment, moral, army, jealousy, propaganda, authority

1 The Methodology

In our work we use primary and secondary data. First we analyse the Muqaddimah by Ibn Khaldun with the technique of qualitative content analysis then finalise our hypothesis which professor Endre Sik published in his 2016 non-scientific article '*A hungarikum: the moral-panic-button*'.

'Content analysis is a research technique for making replicable and valid inference from text (or other meaningful matter) to the context of their use.'
(Krippendorff, 2004)

Through our analysis we strive to define with only a few key words what Ibn Khaldun thought about the economic, taxational and moral effects of emigration. After the statistical analysis of identified key words (word counting, frequency analysis), we analyze their context to describe their apparent and hidden content.

We compare the views of the 14th-century Islamic economist against Endre Sik's non-scientific article and 21st statistics.

2 The Muqaddimah

Ibn Khaldun (1332-1406) was born in an era that saw the rise and fall of small states. The Islamic empire was characterized by social and political motion in this period. His noble family left Spain when Ferdinand III occupied Seville. He was born in Tunis in 1332. Raised to be a scholarly Andalusian intellectual, he became familiar with contemporary Islamic science, art and poetry (Hoizen; 2009). His political career started at the age of 17, after his parents died of plague. He acted as a political advisor to the leaders of several North African countries (Turchin, 2007). By the 1370s he had become estranged from and disappointed with politics. He was highly critical of the contemporary traditions of historiography, and based his work Muqaddimah on much more rational grounds (Oláh, 2016).

'Every subject that is understandable and real,' - Khaldun says in his foreword to the Muqaddimah's opening chapter, - *'requires an individual discipline.'*
(Khaldun, 1375).

He describes human civilization as an independent discipline which explains the phenomena and intensions resulting from the essence of society. His work deals with the management of an individual household or of a whole city. He considered his researches unique. The Muqaddimah is an effort toward the rational, and an attempt at realizing the account of historical events through a presentation of causes and effects. (Chapra; 2014)

Khaldun today is considered a pioneer of sociology and Islamic economics, and an outstanding figure of Islamic philosophy. (Tóth, 2015; Oláh, 2016)

3 Key words

Chapter	migration / emigration	TAX/ taxation	yield	assessment	Moral	Soldier	army	Jealousy	Propaganda	authority	TOTAL
I.		7				4	3	2	2	9	27
II.	1									2	3
III.	6	84	2	15	1	25	14	1	3	46	197
IV.	3	3	1			1		1		2	11
V.		2				2	1				5
VI.	2		1							1	4
Sum	12	96	4	15	1	32	18	4	5	60	247

Table 1

Source by authors

The reader is introduced to the Muqaddimah through an introductory material by Kitab al Tbar, which in the above table is merged Chapter I (human civilization). The Muqaddimah is contains six chapters:

- Chapter I, Human civilization in general
- Chapter II, Bedouin civilization, savage nations and tribes and their conditions of life, including several basic and explanatory statements
- Chapter III On dynasties, royal authority, the caliphate, government ranks, and all that goes with these things. The chapter contains basic and supplementary propositions
- Chapter IV Countries and cities, and all other forms of sedentary civilization. The conditions occurring there. Primary and secondary considerations in this connection
- Chapter V On the various aspects of making a living, such as profit and the crafts. The conditions that occur in this connection. A number of problems are connected with this subject
- Chapter VI The various kinds of sciences. The methods of instruction. The conditions that obtain in these connections. The chapter includes a prefatory discussion and appendices

The given key words appear in the text on 1165 occasions. Focusing on instances when two or more the above key words appear in the same passage (typically in the same sentences) we found the number of hits to be examined with qualitative content analysis reducing to 333, appearing on 56 pages. We further reduced the text for examination with the Pearson Correlation, resulting in 247 hits on 37 pages.

Chapter III. deals with the issues of government, administration, and budget. This chapter sees all but one key words occur in most cases within the same passage.

4 Analysis of the Muqaddimah

According to Ibn Khaldun's observation, when the rule of a dynasty begins, the nomad Bedouin form of life is replaced by the settled form of life. The group solidarity typical of the former disappears, and henceforth the cohesive power of society is provided by political power. (Khaldun, 1375; Oláh, 2016). Political power can be created through the establishment of a mercenary army, whose qualities are defined by the tax system, the amount of gained income. The tax system depends on the efficiency of public administration and the people working in it, from decision-making politicians to civil servants. Authority and the tax systems vary depending on the capabilities of the people managing administration. The efficiency and social approval of the tax system are influenced by whether those in power govern the country respecting laws or bending them to their will.

Taxation is the legal income for the state. There is a wide range of tax burdens following, as described above, a rule that is well-defined in time: 'It should be known that at the beginning of the dynasty, taxation yields a large revenue from small assessments. At the end of the dynasty, taxation yields a small revenue from large assessments' (Khaldun, 1375)

In the beginning, the dynasty collects the taxes mandatory by religious law, which are maximized and of low amount. Low taxes have a stimulating effect, whereas high taxes have negative effects on the whole of the economy (Khaldun, 1375; Oláh, 2016). At the beginning of a dynasty lower state incomes cover the expenses. The solidarity of the Bedouin tribes is still alive, so it costs less to maintain a state and its army.

Throughout the life cycle of a dynasty expenses grow drastically, when the nomad habits wear off, luxury grows and taxes do not cover expenses anymore. Khaldun disapproves state expenses getting out of hand and encourages officials to practice self-criticism, presenting several historical examples. The development of civilization comes with growing state expenses. The ruling class has a growing need for luxury.

At this point, the dynasty is in the phase of decrepitude, its expenses are constantly rising, but it is unable to collect the taxes from more remote areas. 'Now the ruler invents all kinds of new taxes levied on the various goods. He imposes a fixed amount of tax on market prices and on the value of goods carried through the city gates.' In the last phase of a civilization burdens become so high that, as goods vanish, markets start to stagnate (Khaldun, 1375; Oláh, 2016).

Taxes 'lay a heavy burden on the subjects, making them hunch.' Continuous tax raises make the payment of taxes a 'mandatory habit' for subjects. 'When the raises cross the line of reasonableness, subjects become resigned about activities for the expansion of the civilization, since a comparison of benefits against liabilities means benefits are so small subjects lose hope' (Khaldun, 1375).

Because of the growing levels of tax and the falling tax incomes, the ruling class in certain cases may try to increase its incomes by ‘interfering with trade and agriculture.’ In order to improve the balance of the budget, the government embarks upon agricultural activities and launches its goods on the market, leading to falling prices, loss of funds for market operators and further loss of tax revenues. This loss generates a rise in tax levels and tariffs appear.

If the government reduces its expenses and the ruling class provides the servants with smaller payments or spends its sources improperly, the purchasing power of the subjects drops, the market shrinks, which again leads to a loss of tax incomes (Khalidun, 1375; Oláh, 2016).

Khalidun did not support the government becoming a market operator. He considered the useful spending of tax incomes as a means of economic stimulus.

		Correlations									
		migration	taxation	yield	asement	moral	soldier	army	jealousy	propaganda	authority
migration	Pearson	1	-.197				-.161				
	Sig. (2-tailed)		.145	.938	.710	.778	.236	.497	.532	.491	.732
	N	56	56	56	56	56	56	56	56	56	56
taxation	Pearson	-.197	1	.632**	.814**		.144	.135			
	Sig. (2-tailed)	.145		.000	.000	.700	.291	.322	.882	.908	.782
	N	56	56	56	56	56	56	56	56	56	56
yield	Pearson		.632**	1	.777**		-.126				-.113
	Sig. (2-tailed)	.938	.000		.000	.825	.355	.473	.714	.591	.407
	N	56	56	56	56	56	56	56	56	56	56
asement	Pearson		.814**	.777**	1						
	Sig. (2-tailed)	.710	.000	.000		.861	.574	.569	.771	.669	.504
	N	56	56	56	56	56	56	56	56	56	56
moral	Pearson					1					-.110
	Sig. (2-tailed)	.778	.700	.825	.861		.578	.666	.825	.746	.421
	N	56	56	56	56	56	56	56	56	56	56
soldier	Pearson	-.161	.144	-.126			1				
	Sig. (2-tailed)	.236	.291	.355	.574	.578		.960	.272	.498	.613
	N	56	56	56	56	56	56	56	56	56	56
army	Pearson		.135					1		-.144	.223
	Sig. (2-tailed)	.497	.322	.473	.569	.666	.960		.691	.291	.099
	N	56	56	56	56	56	56	56	56	56	56
jealousy	Pearson						.149		1,000		-.113
	Sig. (2-tailed)	.532	.882	.714	.771	.825	.272	.691		.591	.407
	N	56	56	56	56	56	56	56	56	56	56
propaganda	Pearson							-.144		1	-.151
	Sig. (2-tailed)	.491	.908	.591	.669	.746	.498	.291	.591		.265
	N	56	56	56	56	56	56	56	56	56	56
authority	Pearson			-.113		-.110		.223	-.113	-.151	1
	Sig. (2-tailed)	.732	.782	.407	.504	.421	.613	.099	.407	.265	
	N	56	56	56	56	56	56	56	56	56	56

** . Correlation is significant at the 0.01 level (2-tailed).

Table 2
Pearson correlation analysis
source by authors

Throughout our examination, we considered the absolute value of the differences. In his work, Ibn Khaldun presented migration and emigration within the context of the civilization development of Arabic tribes and the rise and fall of states. The Pearson correlation coefficient highlighted deeper correlations within the text. Based on the correlation between *taxation* and *yield*, *assessment* and *tax incomes*

Khaldun says taxation is the basis for the development of civilization. It is the key income source of the government to manage. Khaldun only has negative examples of other types of budgetary incomes, effecting both the economy and people's financial state in a negative way.

The term *migration* appears in the *Muqaddimah* referring to the conditions of Bedouin tribes in the period before the founding of the state. Also, after the fall of the state, emigration is followed by immigration to another area.

Morals, although with little emphasis, clearly make it the responsibility of the state to revive society and take care of the economic conditions of the country.

Jealousy, propaganda and *army* are all correlated in the text with *authority* as the representative of power.

Khaldun says the state itself is dependent on tax incomes and the army. This statement is supported by the Pearson correlation coefficient, as well.

Wishing to analyze the hidden content of the *Muqaddimah*, we resorted to the word cloud technique.

Based on the results of the analysis we can say that from among the key words there are three that determine the *Muqaddimah's* content. These are: *taxation*, *army* and *authority*.

We differentiated between the key words as being primary or secondary. The primary ones are the three above-mentioned words, and there are six others we may call secondary key words, determining the primary ones. We found that five of the key words describe the context of the *Muqaddimah's* apparent and hidden content: *taxation, yield, assessment, army, and authority*.

Khaldun's above opinion ('the state itself is dependent on tax incomes and the army'), which we had determined from the hidden content of the text, was further confirmed by word cloud analysis.

The main theme of our analysis was taxation, determined by Chapter I, Chapter III and Chapter IV. We proved that political power can be created through the establishment of a mercenary army whose qualities are defined by the tax system, the amount of gained income.

After a content analysis of the *Muqaddimah*, we can say that the safety of a country depends on taxation, which is a key instrument of a government's financial policy.

6 Xenophobia today

In the past 2 years xenophobia has grown stronger than ever before. The number of xenophobes was high in Hungary even before 2015, but at the same time the ratio of xenophiles was higher. TÁRKI Social Research Institute has carried out surveys about xenophobia since 1992. Their results show that the ratio of xenophiles reached a low in 2016, a mere 1%. The ratio of hesitant respondents was 46%, the lowest value of the past years, and the ratio of xenophobes in 2016 was the highest since 1992, incorporating 53% of the society. We can therefore state that more than half of the Hungarians overtly reject everyone and less than half of them are hesitant.

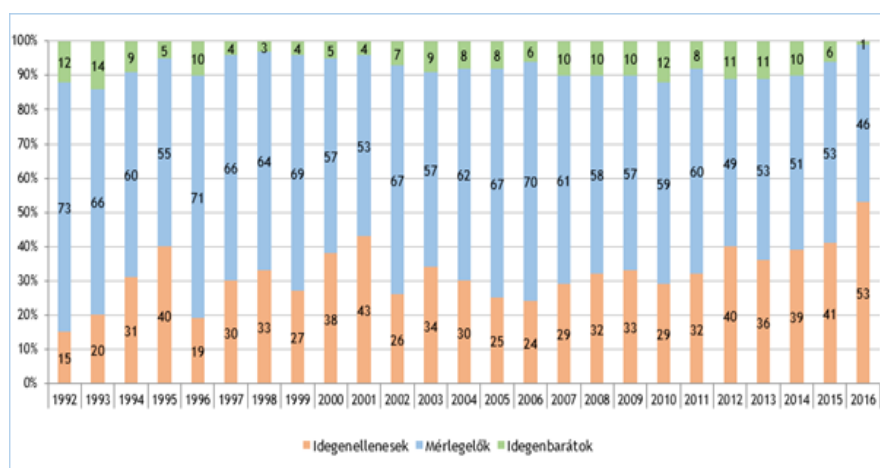


Figure 2

Ratio of xenophobe, xenophile and hesitant respondents, 1992–2016 (%)

Source: Tárki Omnibusz 1992- 2016

The migration crisis started in 2015, by the summer the first refugees appeared at our borders. People left their homes in unprecedented numbers. Reaching our country, the situation came in handy for the government, having lost popularity in autumn 2014 and looking for a theme it could use to quickly regain people's sympathy. Xenophobia seemed a theme like that. Through the media, the government started to penetrate people's minds, trying to convince an already xenophobe nation with the message that migrants' intention is to stay in the country, take Hungarians' jobs and deplete the resources Hungarians had worked for (Sík, 2016).

A national consultation was conducted with rather suggestive questions making it clear for the respondents what they were supposed to answer and think about the topic. Parallely, posters appeared, rather manipulating than informing the

population. At the consultation the government received the answer it had expected, so posters flooded the country again.

Although the referendum on resettlement quotas was invalid, the government declared it to be valid and communicated it as a success. So the posters and hidden manipulation in TV and radio spots had had an influence on people, as a kind of moral panic was beginning to appear and xenophobia increased significantly in 2016. During the days of the Olympic Games, channel M1 showed TV spots of the referendum campaign 140 times, and M4 211 times, i.e. in 9 days 4,219 seconds of governmental advertisement was broadcast on M4, which is 20% of the total time for advertisements (Román, 2016).

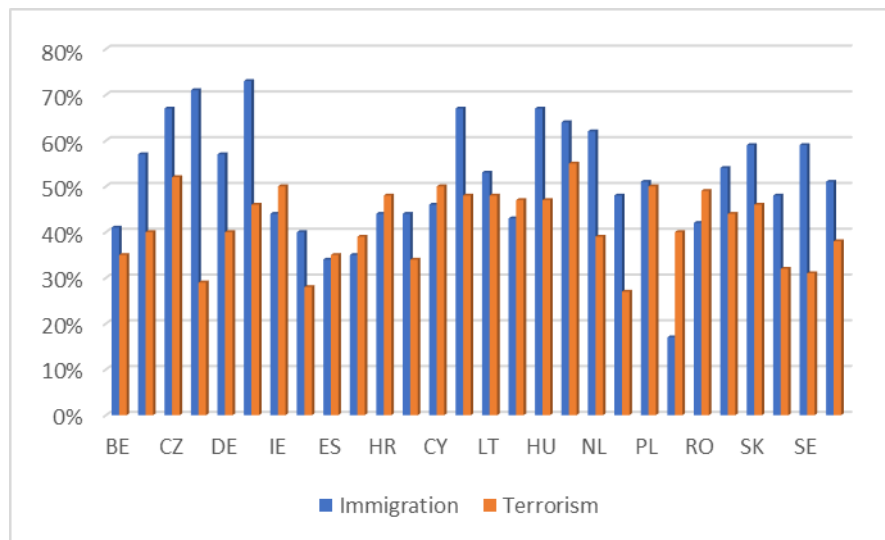


Figure 3

what do you think are the two most important issues facing the EU at the moment?

Source by European Commission, 2016 spring

All over Europe many politicians and daily newspapers questioned the actions of the Hungarian government, since being an EU country, Hungary has obligations – and there are certain obligations in a situation like that, which are defined by the Geneva Conventions.

We agree with Professor Endre Sík in that lashing up xenophobia was unnecessary. It is on the rise not only in our country, but all over Europe. The tendency to view migration and terrorism as key problems increased significantly in the whole of the EU. (Sík, 2016)

The data regarding Hungary are not outstanding. Pushing the moral panic button lashed up overt xenophobia, but since autumn 2015 there have not been asylum seekers in Hungary (Sík, 2016).

7 Hypothesis

The civilization disease of a country is budgetary overspending. These are groundless expenses that cannot be justified either from a moral point of view, or with a reference to their success. Ibn Khaldun identifies so-called governmental expenses of luxury in the decline phase of a dynasty. We classify pushing the moral panic button as an item of this category.

Conclusions

Professor Endre Sik's non-scientific article and also our analysis point out that pushing the moral panic button generated unjustified governmental expenses. The propaganda was effective (posters, press campaign), xenophobia did grow in Hungary. However, regarding xenophobia the whole of Europe produced similar data, and, while the Hungarian government was tenaciously stirring up the feelings of xenophobia, other European governments were not doing so, but were looking at the events in Hungary uncomprehendingly.

Based on data from TÁRKI, if the objective of the government was to increase xenophobia, it could have been reached in all certainty without pushing the moral panic button.

According to Ibn Khaldun's standpoint expressed in *Muqaddimah*, luxury expenses in every case generate a budgetary deficit that cannot be covered by tax incomes. For such expenses the given government can only establish sources of income that will lead to the impoverishment of both the state and its citizens, and indirectly to the reduction of tax incomes.

Based on our examination this conclusion cannot be drawn. Our statement is that maintaining the moral panic button is an expense that is unaccountable regarding its results. We believe that it is exactly the same type of luxury expense as in the case of a 14th-century Islamic civilization maintaining the size of an army to consolidate its power that the raised tax incomes and tariffs cannot cover any more and keeping the balance of the budget indirectly leads to the impoverishment of the citizens.

Acknowledgement

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