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## CHANGING OPINIONS IN DELIBERATION GROUPS ABOUT THE STATE'S ROLE IN THE LABOR MARKET

### INTRODUCTION

The aim of this paper is to analyze changes in participants' opinions on the role of the state in the labor market using deliberation groups. Many national studies have shown that people consider the paternalistic state to be ideal (Ferge, 1996; Utasi, 2008). This phenomenon has its roots in the socialist regime where the state ensured a workplace for each of its citizens and the responsibility of the individual to find employment was much lower than it is now. The changing of the political era has brought a lot of development in this field: the dissolution of heavy industries and the closing of factories and privatization. These kinds of changes triggered unemployment and employees have begun to worry about losing their jobs.

At the same time there is a lively discussion ongoing about how to make the economy competitive. However, as competitiveness has increased, in many cases it has resulted in a cutting back of paternalistic state benefits. This study examines opinion changes in participants during a deliberative process from the following aspects: security against layoffs, the responsibility of the state in the elimination of unemployment, providing jobs and the abolition of illegal employment. Furthermore, opinions are examined on whether the government should increase or decrease taxes and whether it should firstly utilize active or passive instruments to tackle the issue of unemployment.

The peak time of change in Hungary was in 1993 when the unemployment rate reached 17% among the active population. After this period, the unemployment rate decreased. Being unemployed leads to financial and psychological difficulties for individuals; moreover, there is a high chance of them staying unemployed for a long time in Hungary (Sági, 1997). Those people who cannot find a job for a long time are usually poorly-educated, live in disadvantaged regions and come from bigger families (Spéder, 2002). Some authors call them the 'underclass', which refers to their social status: they are typically poor, poorly-educated and do not have the opportunity to find work. Their norms and values also differ from much of society. Their only chance to survive is through registration at the Regional Employment Office which provides them with some social benefits (Laky, 2001.).

It is important to note that the activity rate in the economy in Hungary is quite low. Therefore the real problem is not specifically a high unemployment rate but a low activity rate. This characterizes the Hungarian labor market in comparison with other member states of the EU. In 2006, the unemployment rate was 7.5% in Hungary while the mean of the unemployment rate of EU members was 8.2%. With a 53.7% activity rate among 15-64 year olds, Hungary came before Poland and Malta in the EU. In the same year, the mean activity rate in the EU

was 64.5%. The activity rate exceeds the target set in the Lisbon Agreement – 70% – in the following countries: Denmark, the Netherlands, Sweden, Great-Britain and Austria. The low activity rate in Hungary is explained by the fact that poorly- educated people have a lesser chance of getting a job, and the amount of poorly-educated people in Hungary is higher than the EU mean (Girasek-Sik, 2006).

In Hungary there are big differences in the unemployment rate between different regions. The rate of unemployment was 17% in Somogy County at the end of 2007, whilst the national average was 10%. The position of Somogy is the 4th worst in the country in this respect. Furthermore, one third of those unemployed are out of work for more than a year, which is again a very unfavorable condition (Summary of the Results, 2008).

What do people expect from the state? The capitalist regime has been around for almost 20 years in Hungary. As Dahrendorf (1994) explained, different elements pass through the transition phase at different speeds: while the fundamentals and institutions of political democracy can, in principle, be constructed in six months, and transition to market economy can be carried out in six years, the (re)emergence of values and norms can take a whole generation (60 years). This is why people still expect things from the state which were characteristic of the socialist regime, such as guaranteed employment for all. They still need the continuous care of the state. Sociological research shows that people considered the role of the state to be very important in the 1990's (Ferge, 1996). Of course, not every citizen expects the same level of state care and market influence. Current sociological research shows that higher risk groups require more state support. They expect that the state will provide job opportunities and financial safety for them (Utasi, 2008). In line with this result, we also suppose that the lower class prefers a larger state influence and emphasizes less the responsibility of the individual.

The main goal of this study is to show how the opinions of participants changed after a deliberative process about the role of the state in the (de)regulation of the labor market (on issues such as dealing with unemployment rate, illegal work and reducing taxes). What does state regulation mean? The state establishes the framework of the operation of the labor market through law. It determines the conditions that are needed to employ or dismiss employees. It also defines the commitment of the employers through the kinds of taxes they should pay, and sets tax levels. It determines how to handle illegal work and unemployment. The role of the State is measured using the following types of questions: *What do people think about the deregulation of the labor market? What do people think: finding a job is one's own responsibility or should the government provide jobs for all citizens? What do people think: unemployment cannot be totally avoided vs. unemployment should be avoided at any cost? What do people think: the government should prevent all illegal work vs. government should not do anything to prevent illegal work? What do people think: the government should cut taxes vs. the government should not spend more on education, health care and pensions?* Not only descriptive statistics (answers given in percentages) will be discussed, but we also try to highlight differences in answers between social groups (based on demographic character, cultural capital and employment status) using a logistic regression model<sup>1</sup>.

Qualitative analysis is carried out through analyzing two group discussions. The focus is on what people think about the role of the state and how their opinions change during the deliberation. Finally, we compare the results of the two methods.

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<sup>1</sup> I decided to use logistic regression instead of ordinal regression because the results are simpler to interpret, although there are not too many differences between the results of the methods.

## WHO ATTENDED THE DELIBERATIVE WEEKEND?

Firstly, 1514 people were polled on the targeted issue in May of 2008 (T1). This sample represented the population of the Kaposvár Region. In this paper, this survey will be referred to as the representative survey research. At the end of the questionnaire the respondents had to indicate whether they wished to participate in a deliberative event. 350 people indicated their willingness to participate in a deliberative event. All of them were invited to the DP weekend on 21st – 22nd June, 2008. Finally, 108 people attended the event. During the deliberation weekend the participants filled in the May questionnaire twice. Firstly they had to fill in the questionnaire when they arrived (T2). We will call this survey research the pre-deliberation poll. Then they filled in the same questionnaires for the third time after the deliberation (T3). This makes it possible to measure the effects of the deliberation. We will call this survey the post-deliberation poll.

The sample which filled in the pre- and post-deliberative polls will be called *deliberation weekend participants/small groups* (as these 108 participants were divided into groups during the weekend).

There was no significant difference in the gender and age structure and the educational background between the two samples (representative survey research and small groups). However, the deliberation weekend participants are (socially) in a more unfavorable position: 60% of them are economically inactive. Those who live in Kaposvár are also overrepresented.

According to the theory behind deliberative opinion polling, the resulting changes in opinions represent the conclusions the general public would reach if people had the opportunity to become more informed and more engaged in the issues.

## Hypotheses

H1 People with an unfavorable socio-economic status (women, poorly-educated people, the unemployed, the elderly and those who do not use the internet or do not speak any foreign languages)<sup>2</sup> will object to the deregulation of the labor market. They are more likely to believe that the state should provide job opportunities for every citizen.

H2 Risk groups will support passive support policies (such as social benefits) to tackle unemployment. Those with higher social status will tend to prefer active policies (e.g. encouraging job creation) as solutions to tackle unemployment.

H3 As for illegal work, we believe that those people who are in a favorable position in society (men, those who are successful on the labor market, the young and those who are supplied with cultural capital) will more likely believe that illegal work should be eliminated.

H4 Regarding tax reduction, we suppose that those people who are in a favorable position in society will support this, whilst those people whose social status is not favorable will prefer tax increases in order to maintain a level of social benefits.

H5 The fifth hypothesis is related to changes of opinion caused by the deliberation process. We generally expect that after the deliberation people will have more information about deregulation and the role of the state. The information that they gained during the deliberation will decrease

<sup>2</sup> Women's positions on the labour market are more uncertain than men's because while they have small children they will be out of the labour market (due to the lack of child care services and part-time jobs). Those who are over 50 belong to the higher risk group because employers prefer to employ younger people.  
Those who do not have enough cultural capital (do not use the internet, do not speak foreign languages and are poorly-educated) are in an unfavourable position on the labour market.

differences in opinion stemming from social- demographic factors about the liberalization of the labor market, employment policies, illegal work, and tax cuts (i.e. various points of view will become closer to each other).

H1, H2, H3 and H4 refer to all of the survey polls, while H5 refers to the pre-and post-deliberation poll.

### REGULATION VERSUS LIBERALIZATION OF THE LABOR MARKET

First, we discuss the issue of labor market deregulation. This question was measured using a seven degree scale. Choosing the first degree meant the respondent strongly agreed with the following statement: “governments should let employers hire and fire as they see fit”. Choosing the seventh degree meant that the respondent strongly agreed with the following statement: “governments should make it very difficult for employers to fire employees”. The results of each question session are shown in *Table 1*.

*Table 1. What do people think about the deregulation of the labor market?  
Measured on a 7 degree scale*

1-7 degree scale%	Governments should let employers hire and fire as they see fit. (1-3)	The middle of the scale (4)	Governments should make it very difficult for employers to fire (5-7)	Mean
In the survey research (T1)	8,4%	17,6%	74%	5,7150
Pre-deliberation in small groups (T2)	12,8%	18,3%	68,8%	5,6422
Post-deliberation in small groups (T3)	5,5%	16,5%	78%	5,9907

T1 – T2: Statistically insignificant change ( $t = 1,161, p > 0,05$ )<sup>3</sup>

T2 – T3: Statistically significant change ( $t = -2.87 p < 0,05$ )<sup>4</sup>

*Table 1.* displays data about the deregulation of the labor market at three different times (T1, T2, T3). The results of the representative sample can be found in the first row: three quarters of people believe that Governments should make it very difficult for employers to fire people. Less than one tenth thinks that the Government should let employers hire and fire as they see fit. It can be seen that people prefer (by far) regulation of the labor market in the representative sample.

The second and the third row of the table show the results of the small group before and after the deliberation. Between T1 and T2 no significant changes have occurred. However, the deliberation caused significant changes in the way the weekend participants think about deregulation of the labor market. Before the deliberation twice as many people said that “the government should have let employers hire and fire as they see fit” than afterwards. After the deliberation the percentage of those people who thought that “the government should make it very difficult for employers to fire” increased by 10 percentage points. The author believes this change happened because during the deliberation people always talked about the importance of keeping their jobs.

*Table 2.* shows which social-demographic variables have significant effects on the choice of statements using a logistic regression model.

<sup>3</sup> Measured using a Paired Samples T-test.

<sup>4</sup> Measured by Paired Samples T-test

*Table 2. Determinants of the probability of supporting regulation versus deregulation of labor market using a logistic regression model (Q5)*

Independent Variables	All N=1462 (1514)			Pre- Deliberative Poll N=108			Post- Deliberative Poll N=107		
	B	Sig.	Exp(B)	B	Sig.	Exp(B)	B	Sig.	Exp(B)
Gender (Women)	,164	,143	1,178	1,333	,017	3,791	,316	,547	1,371
Level of education*		,036			,017			,028	
Vocational school	,081	,590	1,084	,828	,247	2,289	-,302	,676	,739
Completed Secondary General School	,121	,443	1,129	-,982	,153	,375	-1,209	,085	,298
Tertiary Degree (BA or MA)	-,406	,055	,666	-1,770	,062	,170	-2,656	,006	,070
Employment status**		,002			,375			,862	
Working full-time	-,294	,117	,746	,064	,924	1,066	,532	,430	1,703
Not working: Unemployment	,264	,275	1,302	,177	,807	1,194	,492	,511	1,636
Not working: any other reason <sup>1</sup>	-,676	,008	,509	-1,726	,129	,178	,667	,607	1,948
Using Internet (Yes=1)	-,392	,007	,676	-,845	,158	,430	-,689	,232	,502
Speaking foreign language (Yes=1)	-,180	,209	,835	,231	,730	1,260	,066	,919	1,068
Age Group ***		,025			,261			,730	
30-55	-,392	,034	,676	-,962	,378	,382	-,413	,694	,662
Over 55	-,643	,007	,526	1,813	,177	6,126	,023	,985	1,023
Constant	,766	,004	2,151	,397	,788	1,487	1,436	,270	4,203
-2Log Likelihood. initial	2025.052			144.342			140.375		
-2Log Likelihood. model	1969.174			111.641			115.320		
Model Chi-square	55.878			32.701			25.054		
Degree of freedom	11			11			11		
Significance	0.00			0.01			0.021		
Nagelkerke R Square	0.050			0.337			0.259		

\*Reference Category=Maximum Completed Primary School; \*\*Reference category= Not working: Retired permanent job; \*\*\*Reference Category=under 30

Recoding of variables: Values between 1 and 6 were recoded into 0. Value 7 was recoded into 1 in order to apply the recoded variable as a dependent variable in the logistic regression model<sup>5</sup>

The first observation to be made from the table above is that many more dependent variables had a significant effect on the representative survey than in the small groups. Those who have a tertiary degree tend to prefer liberalization of the labor market when compared with the reference groups in each of the sessions. In the representative sample the effect of using the internet has the same effect as having a tertiary degree. It seems that those who have more cultural capital are more likely to support the de-regulation of the labor market. This finding corresponds with expectations. Surprisingly, most of the oldest age group (over 55) support liberalization of the labor market. The author supposes the explanation must be that the labor market status of the youngest age group (under 30s) is the most uncertain. They may not have obtained enough

5 The method of recoding was chosen according to the mean and the distribution of the variable.

experience due to their age. The members of the oldest age group must be retired so they do not high face risks by supporting the liberalization of the labor market. The same motivation can be found for the fact that those who are not working for some other reason (mostly students or people on maternity leave) mostly support the liberalization of the labor market.

In the pre-deliberation groups, there are two significant variables: gender and educational level. Women seem to object to market liberalization more than men. As for educational level, highly-educated people tend to prefer liberalization more strongly than the reference group.

In the post-deliberation groups, the only variable found to be significant was educational level: those who had completed higher education supported the liberalization of the labor market more strongly.

**“ONE’S OWN RESPONSIBILITY TO GET A JOB” VERSUS  
“THE STATE SHOULD PROVIDE JOBS FOR EVERY CITIZEN”**

This question refers to the role of the state, similarly to the previous question. Respondents had to express to what extent they agreed with the given statement using a seven degree scale. The first degree signifies that the respondent totally agrees with the following statement: “Finding a job is one’s own responsibility”. The seventh (last) degree means that somebody totally agrees with the following statement: “providing jobs for all citizens is the government’s responsibility”. The results of each session of questions are shown in *Table 3*.

*Table 3. What do people think? “Finding a job is one’s own responsibility” or “the government should provide jobs for all citizens” – Measured using a 7 degree scale*

1-7 degree scale %	Finding a job is one’s own responsibility. (1-3)	The middle of the scale (4)	Providing jobs for all citizens is the government’s responsibility. (5-7)	Mean
In the survey research	32,9%	31,5%	35,6%	4,0596
Pre-deliberation in small groups	33,9%	26,6%	39,4%	4,0917
Post-deliberation in small groups	46,2%	33,6%	20,2%	3,2920

T1 – T2 Statistically insignificant change ( $t=0.656, p>0.05$ )

T2 –T3 Statistically significant change ( $t=3.689, p<0.05$ )

*Table 3* shows that significant change has not occurred between T1 – T2. It seems that group composition and briefing materials are not determinants of the outcome. However, there is significant difference between the T2 – T3 sessions. The deliberation caused a significant change in the way the weekend participants think about finding a job. Before the deliberation, 34% of the respondents agreed that “it is everybody’s own responsibility to find a job” while 39% thought that “it is the government’s responsibility to provide jobs for citizens”. This proportion was nearly the same as in the representative survey. Due to the deliberation, the following changes occurred: the ratio of those people who think “it is one’s own responsibility to find a job” has increased to 46%, and the ratio of those who consider that “it is the government’s responsibility to provide a job for each citizen” decreased to 20.2%.

The next table shows which social-demographic variables have significant effects on choices of statement.

*Table 4. Determinants of the probability of considering it one's own responsibility to find a job versus agreeing that the state should provide jobs (responsibility for finding a job Q9)*

Independent Variables	All N=1485 (1520)			Pre- Deliberative Poll N=108			Post- Deliberative Poll N=112		
	B	Sig.	Exp(B)	B	Sig.	Exp(B)	B	Sig.	Exp(B)
Gender (Women)	,357	,002	1,429	,940	,055	2,560	-,203	,722	,816
Level of education*		,080			,176			,072	
Vocational school	-,005	,975	,995	-,251	,672	,778	-,852	,197	,427
Completed Secondary General School	-,144	,366	,866	-1,271	,048	,280	-1,568	,041	,209
Tertiary degree (BA or MA)	-,562	,015	,570	-,165	,841	,848	-2,939	,020	,053
Employment status**		,408			,106			,894	
Working full-time	,017	,931	1,017	-,456	,468	,634	-,328	,674	,721
Not working: Unemployment	,325	,176	1,384	,841	,201	2,318	,043	,956	1,044
Not working: any other reason <sup>1</sup>	,176	,497	1,192	-1,344	,218	,261	,530	,677	1,699
Using Internet (No=1)	-,421	,006	,657	,483	,386	1,620	1,198	,077	3,312
Speaking foreign language (No=1)	,000	1,000	1,000	-,083	,895	,921	-,750	,375	,472
Age Group ****		,653			,680			,226	
30-55	-,167	,375	,846	,567	,575	1,763	1,732	,154	5,652
Over 55	-,190	,437	,827	,167	,883	1,182	1,028	,459	2,796
Constant	-,449	,101	,638	-,886	,455	,412	-1,812	,209	,163
-2Log Likelihood. initial	1934.116			145.207			114.310		
-2Log Likelihood. model	1885.644			131.817			98.572		
Model Chi-square	47.198			13.390			15.162		
Degree of freedom	11			11			11		
Significance	0.00			.269			.175		
Nagelkerke R Square	.043			.158			.199		

<sup>1</sup> People belonging to this category are mostly students or women on maternity leave.

\*Reference Category= Maximum Completed Primary School; \*\*Reference category= Not working: Retired permanent job; \*\*\*Reference Category= under 30

Recoding of variables: Values between 1 and 4 were recoded into 0. Values between 5 and 7 were recoded into 1 in order to apply the recoded variable as a dependent variable in the logistic regression model.<sup>6</sup>

Women are more likely to think that providing jobs to citizens is the government's responsibility in the representative sample and in the pre-deliberation group. However, in the post-deliberation session the effects of gender disappeared: agreeing with the statement that "it is the individuals' responsibility to find a job" is independent of the gender of the respondent in the post-deliberation group.

<sup>6</sup> The method of recoding was chosen according to the mean and the distribution of the variable.

The effect of educational background was almost constant, which means that those who have a higher level of education emphasize more strongly the responsibility of the individual to find a job than the reference group in each of the sessions. Those who use the internet rather more agree with the statement that “finding a job is one’s own responsibility” than those who do not use the internet in the representative sample and the post deliberation group. These results confirmed our first hypotheses: those who are in a favorable socio-economic position are more likely to support the liberalization of the labor market.

**“UNEMPLOYMENT CANNOT BE AVOIDED”  
VS. “SHOULD BE AVOIDED AT ANY COST”**

Here we present what people think about unemployment. Respondents had to say how much they agreed with the given statements. Choosing one on the scale meant that the respondent totally agreed with the following statement: “unemployment cannot be avoided totally”. Choosing seven meant that the respondent totally agreed with the following statement: “unemployment should be avoided at any cost”. Choosing other degrees indicates a more moderated reaction to the statements. The results of each round are shown in *Table 5*.

*Table 5. What do people think?: “unemployment cannot be totally avoided” vs. “unemployment should be avoided at any cost” – Measured using a 7 degree scale*

1-7 degree scale %	Unemployment cannot be avoided totally. (1-3)	The middle of the scale (4)	Unemployment should be avoided at any cost. (5-7)	Mean
In the survey research	37%	18,7%	44,3%	4,17
Pre-deliberation in small groups	37%	15,7%	47,2%	4,15
Post-deliberation in small groups	49,6%	13,7%	36,8%	3,52

T1 – T2: Statistically insignificant change ( $t=1.004, p>0.05$ )

T2 – T3: Statistically significant change ( $t=2.021, p<0.05$ )

The deliberation triggered significant changes in this issue as can be seen in Table 5. Both in the representative survey poll and in the pre-deliberation sample 37% of respondents thought that unemployment could not be avoided in the present economic environment. The ratio of people who thought that unemployment could not be avoided in the present circumstances increased to 50% in the post-deliberation poll.

This is an important issue because people’s lives are organized around work in industrialized societies. However, substantial changes have taken place in many ways. According to Claus Offe (1991), developed countries have entered a new economic era where the growth of the economy does not mean that everybody has work. Flexible work is becoming more commonplace (e.g. working part-time, having a temporary contract, being self-employed), and signifies that the essence of life may no longer be work alone. It seems that the deliberation helped people in understanding that they have to live together with the phenomenon of unemployment.

The next table presents which social-demographic variables have significant effects on choosing one of the statements using the logistic regression model.



*Table 6. Determinants of probability of thinking whether unemployment can be eliminated (Q17)*

Independent Variables	All N=1484 (1520)			Pre- Deliberative Poll N=107			Post- Deliberative Poll N=111		
	B	Sig.	Exp(B)	B	Sig.	Exp(B)	B	Sig.	Exp(B)
Gender (Women)	,248	,026	1,281	,867	,070	2,380	,363	,441	1,438
Level of education*		,366			,361			,668	
Vocational school	,250	,090	1,285	-,554	,368	,575	-,227	,706	,797
Completed Secondary General School	,106	,492	1,112	-1,111	,083	,329	-,540	,394	,582
Tertiary degree (BA or MA)	,032	,878	1,033	-1,085	,206	,338	-1,004	,236	,366
Employment status**		,649			,911			,139	
Working full-time	-,197	,291	,822	,263	,662	1,301	1,221	,048	3,390
Not working: Unemployment	-,156	,505	,856	,267	,690	1,306	,212	,760	1,236
Not working: any other reason <sup>3</sup>	-,017	,948	,984	-,331	,760	,718	1,667	,165	5,298
Using Internet (No=1)	-,153	,287	,858	,187	,738	1,206	,603	,300	1,827
Speaking foreign language (No=1)	-,443	,002	,642	-1,251	,069	,286	-1,043	,130	,353
Age Group ****		,197			,112			,220	
30-55	-,289	,110	,749	-1,997	,066	,136	1,687	,157	5,405
Over 55	-,396	,092	,673	-1,417	,242	,242	2,244	,086	9,430
Constant	,078	,767	1,081	1,784	,170	5,956	-2,688	,045	,068
-2Log Likelihood. Initial	2037.744			148.100			147.247		
-2Log Likelihood. Model	2007.478			130.776			131.785		
Model Chi-square	30.165			15.832			15.460		
Degree of freedom	11			11			11		
Significance	.001			.148			.162		
Nagelkerke R Square	.027			.184			.177		

\*Reference Category = Maximum Completed Primary School; \*\*Reference category = Not working: Retired permanent job; \*\*\*Reference Category = under 30

Recoding of variables: Values between 1 and 4 were recoded into 0. Values between 5 and 7 were recoded into 1 in order to apply the recoded variable as a dependent variable in the logistic regression model<sup>7</sup>.

Gender has a significant effect on the representative sample and on the pre-deliberation group. After deliberation the gender-effect disappeared. Educational background influenced the answers of respondents in T1 and T2. Those who completed vocational school are more likely to agree with the statement that “unemployment should be avoided at any cost” than the reference group in the representative sample. Those who completed secondary school are less likely to agree that “unemployment cannot be totally avoided” than the reference group in the pre-deliberation group. Nevertheless, the educational effect also vanishes in the post-deliberation group. At the same time, employment status has a significant effect only on the post-deliberation group: those who are working full-time are more than three times as likely to think that “unemployment cannot be avoided totally” than the reference group.

7 The method of recoding was chosen according to the mean and the distribution of the variable.

Those who speak a foreign language are more likely to believe that unemployment cannot be avoided totally than those who do not speak a foreign language in T1 and T2, but this difference also disappears in T3. The age variable has a significant effect on the small groups: those who are between 30-55 are most likely to think that unemployment cannot be avoided in T2, while those who are over 55 are most likely to believe that unemployment should be avoided in T3. These results also verify our first hypotheses.

### EMPLOYMENT POLICIES

Employment policies are regulatory activities undertaken by the state to tackle unemployment. Theoretically, employment policies are usually divided into two groups: active employment policies and passive employment policies. The aim of passive employment policies is to take care of those people who have lost their jobs. In contrast, the active employment policies aim at helping the unemployed to find employment.

Firstly, it was checked whether the theoretical structure of employment policies described above (active and passive) exists in the minds of people in the representative survey. In the T1 and T2 interview sessions, factor analyses did not suggest that the theoretical structure could be found in the minds of people. However, we found this factor structure (active and passive employment policies) in the post-deliberative session. We think that the existence of the theoretical structure in the post-deliberation session is due to the fact that the moderators and experts mentioned employment policies on numerous occasions during the deliberation so people learnt about them during the deliberation itself. The results of the T3 interview are shown in *Table 7*.

*Table 7. Grouping of employment policies in the post-deliberation group*

How strongly would you favor or oppose each of the following as ways of dealing with unemployment?	Factors	
	Active Policies	Passive Policies
Labor market services	,681	,055
Training support	,834	,002
Wage- and contribution-type subsidies*	,555	,317
Support for self-employment	,282	,162
Job search allowance and benefit	,111	,777
Regular social aid	,149	,879

\* The only items which are part of both factors are wage and contribution subsidiaries. It can be assumed that it is hard to understand this phrase so participants were confused.

- Maximum Likelihood factor analyses, with Varimax rotation
- KMO indicator value:0,650,
- Bartlett test value: 144,975; Sig.:0,00
- This question was measured using a 5 degree scale where the first degree means "oppose strongly" and fifth degree means "favor strongly".

We can see that two factors arise in *Table 7*. One of the factors includes the following items: labor market services, training support and support for self-employment. The above-mentioned policies belong to the category of active employment policies, so we may collectively call them the Active Policies factor. The other factor includes the following items: job seekers allowance, benefit and regular social aid. These two items belong to the category of passive employment policies, so we may call them the Passive Policies factor.

Table 8 presents which social-demographic groups prefer the utilization of active and passive policies.

*Table 8. Effects of dependent variables on choosing between active and passive employment policies*

Independent variables	Mean of the Active employment policies in the post-deliberation session	Mean of the Passive employment policies in the post-deliberation session
Gender		
Men	,0160243*	-,0745066*
Women	-,0121785*	,0566250*
Age group		
Under 30	,0458470	,6137456
30-55	,1489792	,1232090
Over 55	-,1593003	-,2025254
Educational level		
Max. completed primary schools	-,1194293	,1172068
Vocational school	,1568382	,0234950
Grammar school	,0346563	,0869121
Tertiary school	-,3193728	-,4701077
Employment status		
Having a job	-,0882782	,0252327*
Unemployed	,2053722	,5046878*
Retired	-,0731706	-,2320810*
Not working for any other reason	,2923586	,1865640*
Using internet		
Yes	,1209967	-,0440701
No	-,0772680	,0055342
Speaking a foreign language		
Yes	,1914047	,0547550
No	-,0415927	-,0183208

\* Statistically significant change (  $p < 0,005$  )

It can be seen that gender and employment status have significant effects. The unemployed support passive employment policies the most. The author supposes that the reason for that is that they are the ones who need this kind of support the most. Pensioners object to passive policies the most because they are sure they do not need this kind of support. As for the gender effect, men are more likely to support active policies than women, whilst women are more likely to support passive policies than men. These results proved the second hypotheses.

ELIMINATION VS. TOLERATION OF ILLEGAL WORK<sup>8</sup>

If the labor market is regulated too rigidly and the cost of hiring or laying off is too high while supervision of the labor market is weak, some people will be employed and no tax will be paid. The issue of illegal work is very relevant in Hungary as the main employment issue is not so much a high unemployment rate but a low activity (participation) rate (i.e. the number of legally employed people). With its 53.7% activity rate among the 15-64 year-old population, Hungary lags behind other EU members, whose mean average activity rate is 64.5%.

The following question concerns what people think of illegal work. This question was measured on a seven degree scale. One means the respondent strongly agrees with the following statement: “the government should prevent all illegal work”. Seven means the respondent strongly agrees with the following statement: “the government should not do anything against illegal work”. The results of each question session are shown in *Table 9*.

*Table 9. What do people think?: “government should prevent all illegal work” vs. ”government should not do anything against illegal work” – Measured on a 7 degree scale*

1-7 degree scale %	Government should prevent all illegal work (1-3)	The middle of the scale (4)	Government should not do anything against illegal work (5-7)	Mean
In the survey research	61,8%	18,3%	19,8%	2,78
Pre-deliberation in small groups	65,4%	20,2%	14,4%	2,61
Post-deliberation in small groups	64,6%	20,4%	15%	2,57

T1 – T2: Statistically insignificant change ( $t=-0,932, p>0,05$ )

T2 – T3: Statistically insignificant change ( $t=0,292, p>0,05$ )

The deliberation did not bring any significant change in this issue, as we can see from Table 9. In all three sessions more than 60% of respondents said that the government should prevent all illegal work, and less than 20% declared that the government should not do anything against illegal work. Next, Table 10. shows which social-demographic variables have significant effects on the choice of statements.

<sup>8</sup> “Illegal work” is defined to mean that taxes and social insurance are not being paid.

*Table 10. Determinants of the probability of agreeing with “the government should prevent all illegal work” vs. “Government should no do anything against illegal work” (Q14)*

Independent Variables	All N=1455 (1520)			Pre -Deliberative Poll N=103			Post -Deliberative Poll N=107		
	B	Sig.	Exp(B)	B	Sig.	Exp(B)	B	Sig.	Exp(B)
Gender (Women)	,132	,241	1,141	-,401	,411	,670	,093	,845	1,098
Level of education*		,019			,890			,270	
Vocational school	,368	,014	1,445	-,457	,453	,633	-,286	,646	,751
Completed Secondary General School	-,026	,871	,975	-,179	,779	,836	,502	,430	1,652
Tertiary degree (BA or MA)	-,108	,612	,898	-,391	,646	,677	-,854	,329	,426
Employment status**		,370			,227			,170	
Working in full time	,206	,273	1,229	-1,184	,079	,306	-,599	,358	,549
Not working: Unemployment	,415	,077	1,515	-,287	,675	,751	,787	,246	2,196
Not working: any other reason <sup>1</sup>	,188	,462	1,207	,352	,741	1,422	1,160	,326	3,190
Using Internet (No=1)	-,091	,533	,913	,836	,144	2,306	,332	,563	1,393
Speaking foreign language (No=1)	,059	,681	1,061	-1,358	,044	,257	-,582	,363	,559
Age Group ****		,013			,515			,106	
30-55	-,462	,011	,630	-,311	,734	,733	-2,286	,061	,102
Over 55	-,656	,005	,519	-,966	,367	,381	-1,596	,221	,203
Constant	-,050	,851	,951	,980	,378	2,664	1,397	,284	4,044
-2Log Likelihood. initial	1996.915			139.264			145.621		
-2Log Likelihood. model	1952.339			128.509			128.070		
Model Chi-square	44.576			10.755			17.551		
Degree of freedom	11			11			11		
Significance	.000			.464			.093		
Nagelkerke R Square	.040			.134			.203		

<sup>1</sup> People belonging to this category are mostly students or on maternity leave.

\*Reference Category=Maximum Completed Primary School; \*\*Reference category= Not working: Retired permanent job; \*\*\*Reference Category=under 30

Recoding of variables: Values between 1 and 3 were recoded into 0. Values between 4 and 7 were recoded into 1 in order to apply the recoded variable as a dependent variable in the logistic regression model.<sup>9</sup>

The first observation to be made from the table above is that gender does not influence the answers of the participants in any interview period. However, educational background had a significant effect in the T1 period: those who completed vocational school are more likely to agree with the statement that “government should not do anything against illegal work” than the reference group. Employment status influenced the answers of respondents in T1 and T2 periods: the unemployed are more likely to agree that the “government should not do anything against illegal work” than the reference group while those who are working full-time are more

<sup>9</sup> The method of recoding was chosen according to the mean and the distribution of the variable.

likely to agree with the statement that the “government should prevent all illegal work” than the reference group. The effect of employment status disappears by session T3. Regarding age, those who are over 55 are more likely to agree with the statement that the “government should prevent all illegal work” than young people in the representative sample.

It is noticeable that fewer variables significantly affect small groups than in the representative sample. In the pre-deliberation session only ‘full-time work’ and ‘the knowledge of a foreign language’ have a significant effect on the dependent variables. Those who speak a foreign language are more likely to agree with the statement that “government should prevent all illegal work” than those who do not speak any foreign language. And in the post-deliberation group, only the 30-55 age group is significant: they are more likely to agree that the “government should prevent all illegal work” than the reference group. The third hypothesis has been confirmed by these results. We can draw the conclusion that working illegally is a defensive strategy for people whose status is unfavorable in Hungarian society.

**“THE GOVERNMENT SHOULD CUT TAXES” VS.  
“SPEND MORE ON EDUCATION, HEALTH CARE AND PENSIONS”**

Hungary is among those countries whose tax rates are high. Tax awareness is very low and people do not know too much about the taxation system. In addition, voters inaccurately perceive the role of the state in the social sector and the costs of state programs in Hungary (Csonotos – Kornai – Tóth, 1996.). For example, the majority of people underestimate the costs of a pension and medical service whilst they overestimate the costs of social benefits. Sometimes they do not see the relationship between social benefits and the tax rate. Thus this question examined what people think the government should do: decrease taxes vs. spend more on education, health care and pensions. The respondents had to state to what extent they agreed with the given statement using a seven degree scale. One means that the respondent totally agreed with the following statement: “the government should decrease taxes even if this means less funding for education, health care and pensions”. Seven means that the participant totally agreed with the following statement: ‘the government should spend more on education, health care and pensions’. The results of each question session are shown in *Table 11*.

*Table 11. What do people think?: “Government should cut taxes” vs.  
“Government should not spend more on education, health care and pensions”-  
Measured on a 7 degree scale.*

1-7 degree scale %	Government should decrease taxes even if this means less funding for education, health care and pensions. (1-3)	The middle of the scale (4)	Government should spend more on education, health care and pensions. (5-7)	Mean
In the survey research	39,2%	34,9%	25,9%	3,61
Pre-deliberation in small groups	30,5%	34,3%	35,2%	4,14
Post-deliberation in small groups	29,8%	35,6%	34,6%	4,14

T1 – T2: Statistically significant change ( $t = -2.717, p < 0.05$ )  
T2 – T3: Statistically insignificant change ( $t = -0.457, p > 0.05$ )

Table 11 presents the significant differences between T1 and T2 sessions. Deliberation did not bring any significant changes to opinions on this issue, as we can see from Table 11. Both in the pre- and post- deliberation small groups around 30% of the people said that they agreed with the statement that taxes should be decreased even if this means less funding for education, health care and pensions. 35% agreed that the government should spend more on education, health care and pensions. It is surprising that the deliberation did not bring any significant changes because the most important result of an earlier piece of research (Csontos – Kornai – Tóth, 1996.) about tax awareness indicated that if citizens knew more about the cost of the state programs they would change their opinions about the role of the state. These findings indicated that citizens would prefer to decrease the role of the state and would emphasize more the role of the market.

Differences between T1 and T2 might be due to the composition effect and/or the briefing materials. The composition effect can be excluded by analyzing more specifically those people who took part in the small group conversation (Table 12.)

**Table 12. What do people think?: “government should cut taxes” vs. “government should not spend more on education, health care and pensions”- Measured on a 7 degree scale, focusing only on those who also participated in small group**

1-7 degree scale %	Government should decrease taxes even if this means less funding for education, health care and pensions. (1-3)	The middle of the scale (4)	Government should spend more on education, health care and pensions. (5-7)	Mean
In the survey research	46,2%	27,4%	26,4%	3,36
Post-deliberation in small groups	29,4%	35,3%	36,4%	4,16

T1 – T2: Statistically significant change ( $t=-2,826$ ,  $p<0,05$ )

In Table 12 the component effect has been excluded because answers from the same people can be found there. Still, the significant differences between T1 and T2 remain. Consequently, it is assumed that the variance is caused by the briefing materials. Table 13 shows which social-demographic variables have significant effects on choosing one of the statements.

Table 13. Determinants of the probability of agreeing that “government should decrease taxes” vs. “should increase taxes” (Q19)

Independent Variables	All N=1416			Pre- Deliberative Poll N=104			Post- Deliberative Poll N=102		
	B	Sig.	Exp(B)	B	Sig.	Exp(B)	B	Sig.	Exp(B)
Gender (Women)	,205	,112	1,228	,852	,146	2,344	1,079	,058	2,943
Level of education*		,321			,019			,031	
Vocational school	-,283	,101	,753	-,554	,436	,575	,494	,455	1,640
Completed Secondary General School	-,087	,622	,917	-2,498	,003	,082	-1,702	,026	,182
Tertiary degree (BA or MA)	,049	,834	1,050	-1,801	,066	,165	-,552	,544	,576
Employment status**		,544			,095			,136	
Working full-time	-,289	,178	,749	,171	,795	1,186	,549	,394	1,731
Not working: Unemployment	-,280	,307	,756	-2,614	,023	,073	-1,591	,080	,204
Not working: any other reason <sup>1</sup>	-,357	,221	,700	,517	,679	1,677	-,295	,798	,744
Using Internet (No=1)	,018	,915	1,018	-,040	,953	,960	-,380	,548	,684
Speaking foreign language (No=1)	-,003	,985	,997	-,474	,569	,623	,580	,421	1,786
Age Group ****		,340			,423			,262	
30-55	-,295	,157	,745	,613	,649	1,845	-1,002	,352	,367
Over 55	-,170	,525	,844	1,386	,336	3,999	-,084	,944	,920
Constant	-,709	,018	,492	-,638	,648	,529	-,280	,816	,756
-2Log Likelihood. initial	1624.609			134.177			131.202		
-2Log Likelihood. model	1604.400			100.998			108.788		
Model Chi-square	18,163			33.628			22.404		
Degree of freedom	11			11			11		
Significance	.078			.000			.021		
Nagelkerke R Square	.019			.381			.272		

1 People belonging to this category are mostly students or on maternity leave.

\*Reference Category=Maximum Completed Primary School; \*\*Reference category= Not working: Retired permanent job; \*\*\*Reference Category=under 30

Recoding of variables: Values between 1 and 3 were recoded into 0. Values between 4 and 7 were recoded into 1 in order to apply the recoded variable as a dependent variable in the logistic regression model<sup>10</sup>.

Astonishingly, none of the independent variables have a significant effect on the representative (T1) sample. In the T2 and T3 small group samples the same variable has a significant effect: those who completed secondary general school are the ones who mostly think that the government should decrease taxes when compared with the reference group. Additionally, the unemployed are more likely to agree that the government should decrease taxes than the reference group. In the post-deliberation session, gender also played an almost significant effect: women are more likely to agree with the statement that “the government should spend more on education, health care and pensions” than men.

10 The method of recoding was chosen according to the mean and the distribution of the variable.



## Qualitative Analysis

We conducted qualitative analysis based on two groups<sup>11</sup> conversations (10 and 14 groups). There were 4 pensioners, 1 employee and 1 student in group number 10. As for gender ratio, there were 2 men and 4 women. In the other group (group number 14) there was 1 unemployed person, 1 mother on maternity leave, 1 employee, 2 pensioners and 1 disabled pensioner (1 man and 5 women).

In group number 14 the moderator asked participants directly how the state regulated the labor market, and if they preferred a strong or weak state influence on the labor market. It seems that participants are aware of the fact that a strong state influence may restrict the labor market, while a weak state influence can make employees relatively defenseless. The participants believe that role of the state should be somewhere in-between. They also understand the operation of the tax system. From both of the groups some people were against a high tax rate which makes the situation of entrepreneurs difficult: *"there are a lot of stressed entrepreneurs who are almost up to their necks in taxes. Less tax should be imposed"* (group number 10). At the same time, they realize that any shortfall in tax receipts should be supplied from other areas: *"the state has to take money from somewhere in order to decrease the tax rate; money must be taken from where it is being wasted"* (Group number 14).

Participants emphasized a secure working environment. This is what they miss on many levels. First of all in training: *"people should be trained (given such a profession), so that they can also find a job in 5 to 10 years"* (Group number 10). At the same time, they speak a lot about life-long learning, meaning that people must continuously invest in human capital in order to stay competitive on the labor market.

The expectation that people can gain knowledge in public schools that guarantees them a job decades after they have left school, without obtaining the new skills or qualifications continuously required by the labor market, are not realistic. This is proved by the fact that among poorly-educated people the activity rate is very low since the required skills (for example, readiness to study) are absent. The following reaction of an unemployed woman is one example of this finding. An unemployed woman in group number 14 was asked if she had attended a retraining program supported by the job center. The answer of the woman was: *"I have not learned for 30 years; I am afraid, I might not be able to"* (group number 14). Negative opinions about training and education make the situation even worse. Participants believe it is not worth continuing learning and reaching a higher level of education since the situation of highly educated people is also difficult: *"even those who have qualifications cannot get a job. Even more, people with more than one degree are not wanted by the labor market"* (group number 10).

We are past being a society based on work (Offe, 1991; Beck, 1999), which means it is not certain that everybody can find employment and we should not let individuals to be judged by their work. We should not let society be split into two groups; a majority who have jobs according to traditional norms, and a remarkable minority which is excluded from the labor market. Although participants value work, they regard it as the essence of life: *"it is not good if people live without work and they do not have job opportunities"* (group number 14).

They miss the safety of workplaces: *"employers get support if they employ unemployed people, but they will employ them until they get this support, then they fire them. It is not worth going through this procedure. Employers will not invest anything in developing their skills. Why should employees train themselves? This is not a long-term, dependable job opportunity. Employers should employ employees for at least 5 years so employees would be guaranteed security for at least 5 years, and in this case they would be able to plan"* (group number 10). The only solution for people to find or keep their jobs is to be ready to adapt

<sup>11</sup> The author choose the 10th and 14th groups for analysis

to new situations (new jobs, positions and a changing environment). Project work is spreading, which means that employees receive temporary job contracts. Yet it seems that most people are not ready for flexible employment yet.

Participants are not against illegal work, and even more, they empathize with illegal workers: *"people accept illegal jobs, because they have to live on something"* (group number 10). At the same time, they do not feel the same solidarity with employers. They believe employers are the beneficiaries of illegal work through tax evasion: *"employers always search for loopholes. You are (as an employee) defenseless, but you have to play this game"* (group number 14). They emphasized that the defenseless position they are in forces employees to accept illegal work: *"you know doing this is not correct but you do not have any other choice"* (group number 14). In accordance with quantitative analysis, we find that people who are in an unfavorable socio-economic position in society use the illegal sector.

### SUMMARY

Our first hypothesis was partly proven. Those who possess more cultural capital (such as higher education or access to the internet) are more likely to support the deregulation of the labor market: concerning educational levels, those who completed tertiary school are more likely to agree with the principle of the deregulation of the labor market than more poorly-educated people. Educational background had a significant effect in each of the sessions. Those who use the internet are more in favor of the liberalization of the labor market in T1. Although older people are more likely to state support for the liberalization of labor market than the young, this was exactly the opposite of what we had expected. We believe that this is due to the fact that those who are over 55 are mostly not active on the labor market. If the labor market was more deregulated than it is today, it would not cause any uncertainty for them - rather only for people of working age. As for employment status, it was proven that those who were unemployed tended to favor regulation of the labor market. The effect of gender and the ability to speak a foreign language were not found to be significant.

Our hypothesis concerning employment policies was also partly justified. We found the envisaged theoretical structure in the post-deliberation group. We could prove that women and unemployed people are more likely to support passive employment policies than men and those who are on the labor market. We assumed that people over 55 would support passive employment policies. It has been revealed that people over 55 oppose both employment policies. Pensioners are the ones who oppose passive employment policies the most. One explanation may be that they are afraid that higher support for the unemployed would lead to decreases in their benefits. The effects of other independent variables (using internet, speaking a foreign language, education level and age group) were not significant.

Our hypothesis regarding illegal work was justified. Regarding the effect of educational level, we found that those who had completed vocational school were more tolerant of illegal work than other educational groups. The effect of other independent variables (using internet, speaking a foreign language, employment status) was not found to be significant. However, in the post-deliberation poll we found that unemployed people are very tolerant towards illegal work, as expected and presented in our hypotheses.

Our fourth hypothesis was not entirely verified. We found that pensioners do not support cuts in the tax rate. Concerning educational level, we supposed that highly-educated people are the group most likely to want to decrease taxes. On the contrary, in the representative survey session we found that those who had completed vocational school were most likely to be in favor of

decreasing taxes. However, this tendency changed in the post-deliberation session. It became an insignificant factor whether one had completed vocational school, while the effect of completing tertiary school became significant. These people are more likely to be in favor of decreasing taxes. Surprisingly, those who do not use the internet are more likely to agree with the principle of decreasing taxes than those who use the internet. The effect of other independent variables (speaking a foreign language, gender, age groups) was not significant.

We can accept our last overall hypotheses, as we found that during the post-deliberation process the opinions of participants became more similar. For example, the effect of gender disappeared in the liberalization of the labor market issue, and the effect of employment status disappeared in the tax rate issue. We received the same results from qualitative analyses. We did not find any contradiction between the results of the qualitative and quantitative research.

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