

INTRODUCTION

This is a quarterly newsletter presenting recently completed projects and updates of ongoing research activity as well as highlights of publications, workshops, seminars and conference presentations.

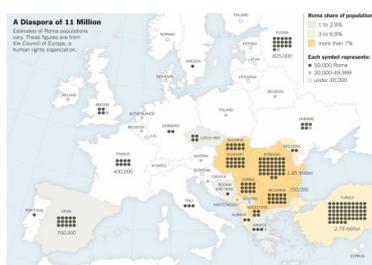
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PROJECT UPDATES

EdEN - **Education Economics Network** (2016-2018) supported by the European Union H2020 programme

Partners: *Katholieke Universiteit Leuven, Universiteit Maastricht, Politecnico Milano*



Roma students in the public education in Hungary

In December 2017 education policy experts and economists gathered in Washington for the OECD seminar titled *Using Educational Research and Innovation to Address Inequality and Achievement Gaps in Education*. Senior research fellow *Gábor Kertesi* presented his paper on current issues surrounding the Roma students' participation in the public education in Hungary. In his presentation he showed that the low educational performance has little to do with ethnicity per se, for large part of the problem comes from poverty and exclusion. He demonstrated

how segregated schools and classes by creating a difficult teaching environment adds to the disadvantages of the Roma students. He also showed how the inadequately designed system of universal free school choice in Hungary lead to a highly segregated schooling system and called for addressing systemic problems to help Roma students Europe wide. [Download the presentation.](#)



Human capital effects of kindergarten and school enrolment timing

Using instrumental variables approach the paper studies the effect of kindergarten starting age jointly with that of school starting age. Using a rich Hungarian database authors – *Ágnes Szabó-Morvai, Dániel Horn, Anna Lovász, Kristof de Witte* – show that both earlier kindergarten enrolment and later school enrolment have a significant and non negligible positive effect on standardised test scores in grade 6, 8, and 10, class marks given by the teacher, aspirations for higher

education, and track choice. These effects tend to decrease over time and are heterogeneous across mother's education, as earlier kindergarten enrolment age seems to matter only for the children of low educated mothers. [Read the paper.](#)

[Read more publications of the project](#)



EURBANITIES – Empowering civil participation through game based learning (2015-2018) supported by the European Union’s Erasmus+ program

Partners: Association for Urban Transition, Romania, Comparative Research Network, EURO-NET Potenza, Italy, Institute of Urban Development Krakow, Poland, Mine Vaganti NGO Sardinia, Italy, UrbanisTimo Helsinki, Finland



Citizen’s participation in local developments in Europe.

EURbanities project aiming to facilitate the participation of civil stakeholders in neighborhood-level development programs has published the first of its four main outcomes: The booklet *Our Neighbourhoods’ Heroes – Stories on Citizen Participation in Local Development in European Cities* edited by *Judit Keller, Krisztina Keresztély and Tünde Virág*. The work is a compilation of 20 local experiences of neighborhood-level public participation from 9

European countries. All cases have been constructed via interviews and background research between December 2015 and September 2016 and expressed using a storytelling methodology. The experiences, or stories, represent a variety of urban settings: from the small cities (Rónakeresztes in Hungary for instance) to middle-sized regional centers (Brighton, Sassari, Krakow), and large-scale European capitals and urban regions (Budapest, Berlin, Bucharest or Ile de France (Colombes)). Each experience reveals a specific social conflict and its unfolding resolution between local stakeholders, civil society and local inhabitants.

[Learn more about the project](#)

EURBANITIES

Firms, Strategy and Performance (2015–2020), Hungarian Academy of Sciences Momentum grant



Do friends follow each other? FDI network effects in Central

Europe Márta Bisztray introduced her joint work with Gábor Békés in Vienna at the 10th FIW Research Conference ‘International Economics’. The main question of their research is whether existing investments of connected firms make it more likely for a new foreign direct investment to locate close. Looking at FDI inflows to five Central-Eastern European countries, Bisztray and Békés find suggestive evidence for this pattern both for firms in the same business group and for

firms with a shared background. [Read the paper](#). [Download the presentation](#).

[Learn more about the project](#).



Gender Differences in Effects of Labor Market Status and Education on Subjective Well-Being across European Welfare Regimes (2017-2019)

financed by the Regional Studies Association,



Gender and Age Differences in Subjective Well-Being Across European Welfare States.

Research fellow *Judit Kálmán* received a visiting grant and carried out research for a month at *EUROLAB, GESIS Institute, Cologne, Germany*. During her stay — in November 2017 — she investigated the main question of her research project; whether country-specificities in some macroeconomic factors and institutional arrangements (labor market/unemployment benefit, maternity leave, child care and social policy schemes) have any effect on gender aspects

of subjective well-being. She compares not only countries belonging to Western and Eastern Europe (EU15 vs EU12) but also different welfare state regimes of EU such as Nordic, Continental, Southern EU, Anglo-Saxon and CEE countries. [Read the abstract of the research](#). [Download her presentation](#) on the ongoing project.

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PUBLICATION HIGHLIGHTS

Gábor Békés, Lionel Fontagné, Balázs Muraközy, Vincent Vicard: **Shipment frequency of exporters and demand uncertainty**. *Review of World Economics* Vol. 153. No. 4. 2017. pp. 779–807.

This paper examines how exporting firms adapt to the uncertainty stemming from demand volatility. By using monthly customs data from France, we decompose exports into different extensive and intensive margins including two novel margins: the number of months the firms exported (frequency) and the average export value per month. We establish four empirical patterns. First, firms export less to markets with higher demand volatility. Second, this effect is mainly explained by the frequency margin. Third, volatility affects the frequency margin through two channels: indirectly through lower trade volume and directly through logistics re-optimization. In particular, our results suggest that firms send less frequent, larger shipments to more uncertain markets conditional on total exports. Fourth, the effect of demand volatility is magnified on markets with longer time-to-ship. We propose that these observations are in line with simple stochastic inventory management approaches. [Read more](#)



Gábor Scheiring, Dénes Stefler, Darja Irdam, Mihaly Fazekas, Aytalina Azarova, Irina Kolesnikova, János Köllő, Vladimir Popov, Ivan Szelenyi, Prof Michael Marmot, Prof Michael Murphy, Prof Martin McKee, Prof Martin Bobak, Prof Lawrence King: **The gendered effects of foreign investment and prolonged state ownership on mortality in Hungary: an indirect demographic, retrospective cohort study**. *Lancet Global Health* Vol. 6. No. 1. 2018. pp. 95–102.



Research on the health outcomes of globalisation and economic transition has yielded conflicting results, partly due to methodological and data limitations. Specifically, the outcomes of changes in foreign investment and state ownership need to be examined using multilevel data, linking macro-effects and micro-effects. We exploited the natural experiment offered by the Hungarian economic transition by means of a multilevel study designed to address these gaps in the scientific literature. [Read more](#)

Stefano DellaVigna, Attila Lindner, Balázs Reizer, Johannes F. Schmieder: **Reference-dependent job search: evidence from Hungary**. *The Quarterly Journal of Economics* Vol. 132. No. 4. 2017. pp. 1969–2018.

Authors propose a model of job search with reference-dependent preferences, with loss aversion relative to recent income (the reference point). In this model, newly unemployed individuals search hard since consumption is below their reference point. Over time, though, they get used to lower income and thus reduce their search effort. In anticipation of a benefit cut, their search effort rises again, then declines once they get accustomed to the lower postcut benefit level. The model fits the typical pattern of exit from unemployment, even with no unobserved heterogeneity. To distinguish between this and other models, we use a unique reform in the unemployment insurance (UI) benefit path. In 2005, Hungary switched from a single-step UI system to a two-step system, with overall generosity unchanged. [Read more](#)



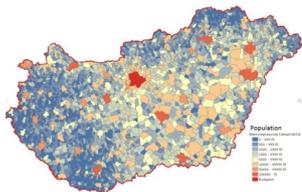
Tünde Virág, Monika Mária Váradi: **Spatial Exclusion and Boundary-Making in Different Roma Neighbourhoods in Hungarian Rural Small Towns**. *Journal of Economic and Social Geography* 2017 November (print online)



The paper aims to provide a better understanding and analysis of the complexity and diversity of segregated Roma neighbourhoods in the context of Hungarian small towns. The paper explores the differences between the 'ghetto' and 'ethnic neighbourhood' as typical forms of spatial and social segregation of Roma in Hungary. It also discusses the mutual interplay of spatial and social segregation and social and symbolic boundary-making within segregated neighbourhoods as well as between culturally and socially diverse Roma groups and non-Roma living in the given settlements. Special attention is paid to the various social ties between Roma and non-Roma in these communities. These ties are one of the key elements used to create and maintain ethnic and social hierarchy, further stratifying the unequal access to resources as well as exacerbating exclusion and boundary-making mechanisms. [Read more](#)

RECENT CONFERENCE PRESENTATIONS

Changing pattern of local governance in Hungary Ilona dr. Pálné Kovács



Hungary was assessed as one of the most decentralised ones among the transitional countries, but 20 years after the first legislation a completely new local governance model has been introduced in 2010. Not only strong centralisation process is going on but completely new views, values have been emerged about the role of the state and local governments, questioning the former priority of democratic local governance. Based on the empirical research conducted 3 years ago the paper analyses the 20 years long history of local governance reforms in Hungary in order to understand, why could recent centralisation reforms happen almost without opposition.

The research found that not only the legal and institutional guaranties were missing but the political actors were lacking commitment towards 'European' governance principles. Neither political parties, parliamentary members nor local elite were able to protect the interests of local governments, as the national alliances of local governments were very weak.

[Download the presentation](#)

International Conference, **Local Governance in the New Urban Agenda**, Lecce, 19 - 21 October 2017, IGU Commission Geography of Governance, University of Salento

European Neighbourhood Policy and the South: are economic instruments able to reduce security challenges? Tamás Szigetvári



The challenges of the South Mediterranean are not new for the European integration: stagnating economies with rapidly growing population and (especially youth) unemployment, the spread of radical Islamism and growing migration pressure are among the most acute ones. Since the early 1990's the EU tries to find the proper policy to handle these challenges, the Euro-Mediterranean Partnership, the ENP, and the Union for the Mediterranean being the major initiatives. The Arab Spring, the falling states and civil wars in the region, and the current migration crisis have made a proper and updated European response inevitable, however.

In our study, we analyse the effectiveness and potential of economic policies and instruments that the EU could apply. Why trade liberalisation and free trade agreements signed with the Mediterranean had little positive effect in these countries? Are trade agreements the best option to foster economic growth? Could DCFTAs (under negotiation with Morocco and Tunisia) have a more profound impact on these economies? Are financial sources offered by the ENPI and EIB well conditioned, well targeted and especially are they enough? Could more European private capital be

directed toward the region to create employment? And are these economic tools still attractive for the countries of the region?

[Download the presentation](#)

3rd "The Role of State in Varieties of Capitalism" (SVOC) Conference, Budapest 30 Nov -1 Dec 2017, Institute of World Economics CERS HAS, Center for European Neighborhood Studies, CEU

UPCOMING EVENTS

25 January Budapest, **Economics with policy** CERS HAS open international seminar series
Armando Rungi (IMT Lucca): Global ownership and corporate control networks

25 January Oxford, Final conference of the **Creating economic space for social innovation** EU project.
György Molnár and Attila Havas present their paper **Tackling marginalisation with a complex approach: the Kiútprogram in Hungary**.

28-29 March KU Leuven (Belgium), **4th LEER Conference on Education Economics**

19-20 April Pécs, Hungary **Socio-economic, Environmental and Regional Aspects of a Circular Economy**, international conference for the 75th Anniversary of DTI (Transdanubian Research Institute, Institute for Regional Studies, CERS HAS)



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