

## 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



**Antibiotic consumption in Hungary.** In August 2016, new prescription guidelines were introduced in Hungary to reduce the co-payments for antibiotics among children aged 0–4. **Anikó Bíró** (*Institute of Economics*) in a **recent publication** aims at analysing the implementation of this policy and its effect on the use of antibiotics. In **another study**, **Anikó Bíró and Péter Elek** analyse the effect of primary care availability on antibiotic consumption and on the quality

of antibiotic prescribing behaviour.

**Roma and non-Roma inequality starts at birth.** Using birth records linked to census data, **Tamás Hajdu, Gábor Kézdi és Gábor Kertesi** (*Institute of Economics*) documented health differences at birth between Roma and non-Roma children in Hungary between 1981 and 2010. The study shows that Roma mothers are twice as likely to give birth to babies with low birth weight and before the 37th week. The researchers argue, that around 80% of the gap is explained by socioeconomic factors, and education alone explains more than half. **Read more**



**Health and population** – Momentum Grant of the Hungarian Academy of Sciences (2018–2023).



**Facilitating circular economy.** Shift towards a more circular economy is crucial to achieve a more sustainable and inclusive built environment that meets future demands. Circular economy is a promising concept for industry and society. If implemented well, it can deliver environmental benefits and economic advantages for which innovation is essential. In September, the project team has published a number of their results in a **special issue of Urban Planning** shedding lights on the various angles of enhancing

circular economy. In one out of the six articles, **Viktor Varjú** (*Institute for Regional Studies*) and his co-authors highlight the process and the limitations of knowledge transfer between geographically distant areas, in particular, the two metropolitan regions of Amsterdam and Naples. **Read more**

**Resource Management in Peri-urban Areas: Going Beyond Urban Metabolism**, REPAIR (2016–2020), EU H2020, Coordinator: Delft University of Technology.



REPAIR

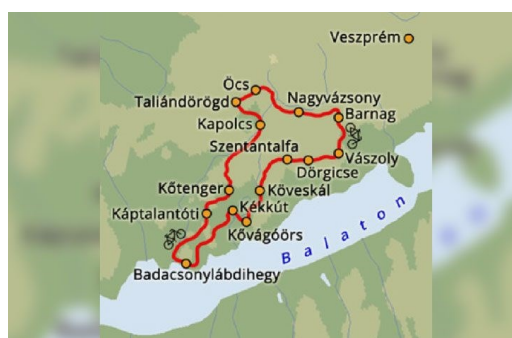




**Touristic impact of the local food system of the Hungarian Provence.** **Gusztáv Nemes** (Institute of Economics) and his co-authors aim to explore the roles that locally produced, processed and marketed food plays in attracting tourism to one of the most popular Hungarian rural destination, the Kali-basin. In the preparatory phase of the project, the research team interviewed 157 persons diversely connected to the area – locals, new habitants, regular visitors of Sunday markets etc. – in order to gain an understanding

on what the main respective attractions are for different groups. The preliminary results clearly show differences between preferences as well as reveal some important issues for further investigation, such as in the name of social justice, how could the poor possibly benefit from the increasing popularity of the region, is their a way for farmers to join the supply chain of those much praised new restaurants in the area who build their image on utilizing local products. **Read more**

**Myths and Realities of Local Food Systems – discourses, producers, customers and socio-economic effects in the 'Hungarian Provence'** (2018–2021) supported by the National Research, Development and Innovation Office (NRDIO/ NKFIH) in Hungary.



**Exploring diversity in European cities.** If someone wants to get a grip of understanding how people think about the co-existence of entirely different cultures, it definitely worth the while to watch **the videos** of the *Institute of Community Reporters (UK)*. In the framework of a 4 years' EU funded research project, locals – indigenous citizens as well as new-comers – share their views, attitudes and thoughts from Manchester through Berlin and Budapest to Sassari, a historical small town in the middle of Sardinia with growing

African population. The project offers a unique opportunity to analyse the “diversity of diversities” within the EU, and to see how people conceive the degree and kind of diversity in their immediate neighbourhood in four cities with different socio-economic and institutional backgrounds. We invite you to listen to the voice of people in Józsefváros, one of the most ambivalent district in our capital. **Watch the video** made by researchers from the *Institute for Regional Studies*.

**Voices of diversity – connecting people and policies for more integrated neighbourhoods in European cities**, Voicitys (2018– 2019) supported by the EU Rights, Equality and Citizenship programme 2014–2020.



## PUBLICATION HIGHLIGHTS



Csóka Péter – Herings, P. Jean-Jacques: **Liability games**. *Games and Economic Behavior* Vol. 116. 2019. p. 260–268.

*We analyze the question of how to distribute the asset value of an insolvent firm among its creditors and the firm itself. Compared to standard bankruptcy games as studied in the game-theoretic literature, we treat the firm as a player and define a new class of transferable utility games called liability games. We show that the core of a liability game is empty. We analyze the nucleolus of the game. The firm always gets a positive payment, at most equal to half of the asset value. Creditors with higher liabilities receive higher payments, but also suffer from higher deficiencies. We provide conditions under which the nucleolus coincides with a generalized proportional rule. [Read more](#)*

Harasztosi Péter – Lindner Attila: **Who pays for the minimum wage?** *American Economic Review* Vol. 109. No. 8. 2019. p. 2693–2727.

*This paper provides a comprehensive assessment of the margins along which firms responded to a large and persistent minimum wage increase in Hungary. We show that employment elasticities are negative but small even four years after the reform; that around 75 percent of the minimum wage increase was paid by consumers and 25 percent by firm owners; that firms responded to the minimum wage by substituting labor with capital; and that disemployment effects were greater in industries where passing the wage costs to consumers is more difficult. We estimate a model with monopolistic competition to explain these findings. [Read more](#)*



Elekes Zoltán – Boschma, Ron – Lengyel Balázs: **Foreign-owned firms as agents of structural change in regions**. *Regional Studies* Vol. 53. No. 11. 2019. p. 1603–1613.

*This paper investigates the role of different types of firms in related and unrelated diversification in regions, in particular the extent to which foreign-owned firms induce structural change in the manufacturing capability base of 67 Hungarian regions between 2000 and 2009. Doing so, it connects more tightly the literatures of evolutionary economic geography and international business. The results indicate that foreign-owned firms deviate more from the region's average capability match than domestic-owned firms. However, this deviation is larger on the short run than in the long run, and more pronounced in peripheral regions and in the capital region. [Read more](#)*

**More publications on our website >>>**



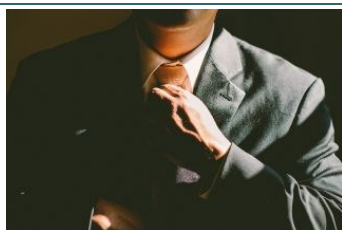
Gerőcs Tamás: **The transformation of African–Russian economic relations in the multipolar world-system.** *Review of African Political Economy* 2019.

*Despite the historical legacy of the Soviet Union, the Russian Federation's economic presence in Africa today is minuscule in comparison to that of the West or China. The aim of this Briefing is to provide a framework for the trajectory of African–Russian economic ties in the changing international environment. Although the economic, trade and investment affairs could develop more complementarity, it is still an open question whether African countries benefit from the deepening economic ties or whether these inhibit local socio-economic development. [Read more](#)*



Schiltz, Fritz – Mazrekaj, Deni – Horn Dániel – De Witte, Kristof: **Does it matter when your smartest peers leave your class? Evidence from Hungary.** *Labour Economics* Vol. 59. 2019. p. 79–91. *Elite schools in Hungary cherry pick high achieving students from general primary schools. The geographical coverage of elite schools has remained unchanged since 1999, when the establishment of new elite schools stopped. We exploit this geographical variation and estimate the impact of high achieving peers leaving the class on student achievement, behaviour, and aspirations for higher education. Our estimates indicate moderate but heterogeneous effects on those left behind in general primary schools. [Read more](#)*

## CONFERENCE PRESENTATIONS



Juhász Sándor - Tóth Gergő - Lengyel Balázs: **Brokering the Core with Periphery and Individual Success in the Hungarian Film Industry**

In collaboration-based creative industries, such as film production, connections to central creators can facilitate individual success; while brokering loosely connected communities provide additional advantages. However, there is still limited evidence on how brokerage in core/periphery networks influence nodal outcomes. In this paper, we argue that links to peripheral creators provide additional and complementary benefits for core members, such as access to novel creative ideas or free capacities. [Read the paper](#)

25 September 2019, Budapest, **Computational Social Science** – Research Center for Educational and Network Studies (CSS–RECENS), 9–12 September 2019, Zürich (Switzerland) **4th European Conference on Social Networks**

Righi, Simone - Takács Károly: **Social Closure and the Evolution of Cooperation via Indirect Reciprocity**

Direct and indirect reciprocity are good candidates to explain the fundamental problem of evolution of cooperation. We explore the conditions under which different types of reciprocity gain dominance and their performances in sustaining cooperation in the PD played on simple networks. We confirm that direct reciprocity gains dominance over indirect reciprocity strategies also in larger populations, as long as it has no memory constraints. [Read the paper](#)



28 September 2019, Budapest, **ANET Seminars**





**Szabó John: The CEE Energy Transition: Repeating What Happened 50 Years Ago**

Central and Eastern European EU members already show signs of falling behind the bloc's energy transition. The initial phase of a low-carbon energy transition in the CEE EU region does not fundamentally differ from former major changes in energy consumption patterns. Natural gas and nuclear energy's penetration during the 1970s and 1980s show similar characteristics: technological and financial support was provided by an externally dominant player, the Soviet Union. Market signals for the transition were indirect, leading policy-makers to implement new energy consumption practices through administrative means.

**Download the slides**

20 September 2019, Cambridge (MA), *Seminar Series of the Davis Center for Russian and Eurasian Studies*

## UPCOMING EVENTS

**9–11 October** from 14.00 **Sopron 7th Central European Conference in Regional Science** „Flows of resources in the regional economy in the age of digitalization” with a **Special Session on Networks, Development and Disparities in Regions** co-hosted by ANET Research Lab.



**11 October** 10.00–17.00 **Budapest ANET Workshop on Networks, Innovation and Economic Geography**,

Workshop of the Agglomeration and Social Networks Research Lab  
**Keynote:** Pierre-Alexandre Balland (Utrecht University)

**17 October** 14.00–16.00 **Budapest** IE Seminar Series, Marc Kaufmann (CEU): **Excuse-Driven Present Bias**

**14–15 November Budapest 10th Annual Financial Market Liquidity Conference**, co-organised by the Game Theory Research Group (IE).

**21 November** 14:00–16:00 **Budapest** IE Seminar Series, Bruno Baránek (Department of Economics, Princeton University), Vítězslav Titl (Faculty of Economics and Business, University of Leuven): **The Cost of Favouritism in Public Procurement**

**28–29 November Budapest 5th The Role of State in Varieties of Capitalism (SVOC) Conference Institutions and Change**, international conference of the Institute of World Economics.



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