



EFOP-3.6.2-16-2017-00007

**RENEWAL OF THE EUROPEAN ECONOMIC INTEGRATION
CONCEPT**

AND

**CHALLENGES IN NATIONAL AND INTERNATIONAL ECONOMIC
POLICIES**

**3RD CENTRAL EUROPEAN PHD WORKSHOP ON ECONOMIC POLICY AND
CRISIS MANAGEMENT**

University of Szeged

Faculty of Economics and Business Administration

13th -14th April 2018

Szeged, Hungary

Kálvária sgt. 1.

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PROGRAMME

13th April 2018 (Aula of the Faculty)

9.00-10.00

Registration (Faculty of Economics and Business Administration, Szeged, Kálvária sgt. 1.)

10.00-12.00

Welcome address:

Péter Kovács, Dean of the Faculty of Economics and Business Administration
Magdolna Sass, President of the European Association for Comparative Economic Studies

Beáta Farkas, Head of Department of Finance and International Economic Relations
Éva Voszka, Head of the Doctoral School of Economics

Panel discussion 1

Eurozone imbalances: structural roots in economic fundamentals and search for a way out

Prof. Annamaria Simonazzi, Sapienza Università di Roma

Core and peripheries in the European Union: interdependence and missing convergence

Prof. Maks Tajnikar, University of Ljubljana

Disequilibrium prices as determinant of inequality in euro zone countries

Dr. Claudius Gräbner, Johannes Kepler University, Linz

Path dependent development in Europe: macroeconomic divergence, structural polarization and implications for policy

12.00-13.00

Buffet lunch (Room 007)

13.00-14.30

Panel discussion 2

Changing role of FDI and development of domestic economies

Dr. Gábor Hunya, The Vienna Institute for International Economic Studies

Changing role of FDI in the EU-CEE

Dr. Magdolna Sass, Institute of Economics, Hungarian Academy of Science and President of EACES

Who really invests in CEE?

Prof. Miklós Szanyi, Director of Institute of World Economics, Hungarian Academy of Science and Professor of the University of Szeged

Illiberal states and business capture in East-Central Europe

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14.30-15.00

Coffee break (Room 007)

15.00-16.30

Panel discussion 3

Intra-EU migration: market equilibrium or agglomeration effect?

Dr. Béla Galgóczi ETUI Brussels

Intra-EU Labour Mobility under stress test – does it contribute to better labour allocation?

Dr. Oldrich Krpec, Masaryk University, Brno

International wage differentials in FDI dominated economy - case of Czechia's dependence on Germany

Dr. Anita Pelle, University of Szeged

Intra-EU migration from the sending countries' perspective

16.30-17.00

Coffee break (Room 007)

17.00-18.30

Panel discussion 4

Institutional weaknesses in the southern and eastern periphery (innovation system, state capacity, education)

Prof. Ion Imbrescu, West University of Timisoara

Characteristics of institutional weaknesses in SEE. Case of Romania

Dr. Piotr Maszczyk, Warsaw School of Economics

Aggregate Composite Index of Capitalism

Dr. Stefano Solari, University of Padova.

Obstacles, strains and adversities to performing industrial policy in the periphery: A structuralist view

19.00

Dinner for the discussants of the workshop »RENEWAL OF THE EUROPEAN ECONOMIC INTEGRATION CONCEPT«

(Restaurant Anyám tyúkjai, Szeged Széchenyi tér 13.)

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14th April 2018 (Ceremonial Hall)

9.00-10.30

Panel discussion 5

Renewed framework of the European integration concept

Prof. István Benczes, Corvinus University of Budapest

Explaining crisis management: The case of state-centric approaches

Prof. Urmas Varblane, University of Tartu

EU Structural Funds in the Baltic countries – growing dependency and exit strategies

Prof. Beáta Farkas, University of Szeged

Challenges for European economic integration theory

10.30-11.00

Coffee break (Room 007)

11.00-12.00

Cooperation in research (closed session for panel discussants)

12.00

Buffet lunch (Room 007)

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**CHALLENGES IN NATIONAL AND INTERNATIONAL ECONOMIC POLICIES
3RD CENTRAL EUROPEAN PHD WORKSHOP ON ECONOMIC POLICY AND CRISIS
MANAGEMENT**

13 April 2018, Szeged, Hungary

**Venue: University of Szeged, Faculty of Economics and Business Administration –
Main building (6722 Szeged, Kálvária sgt. 1.)
Organizer: Doctoral School in Economics, University of Szeged**

PROGRAM

8.00-10.00: Registration	
8.15-9.55 Parallel sessions I	
Session 1 <i>Finance and global challenges</i>	Session 2 <i>Single market</i>
10.00-10.30 Welcome address (together with the conference) Péter Kovács, Dean of the Faculty of Economics and Business Administration Magdolna Sass, President of the European Association for Comparative Economic Studies Beáta Farkas, Head of Department of Finance and International Economic Relations Éva Voszka, Head of the Doctoral School of Economics	
10.30-12.00 Plenary session (together with the conference) Panel discussion about: Eurozone imbalances: structural roots in economic fundamentals and search for a way out Discussants: Prof. Annamaria Simonazzi, Sapienza University of Rome Prof. Maks Tajnikar, University of Ljubljana Dr. Claudius Gräbner, Johannes Kepler University, Linz	
12.00-13.00 Buffet lunch	

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13.00-14.45 Parallel sessions II		
Session 3 <i>Finance</i>	Session 4 <i>Technology and competitiveness</i>	Session 5 <i>Social issues</i>
14.45 – 15.15 Coffee break		
15.15-16.30 Presentations of the fellowship students of the Hungarian New National Excellence Program		

Parallel sessions	
Friday, 8.15-9.55	
Session 1 – Finance and global challenges	
Room: KO 101, Chair: Balázs Kotosz, CoChair: Beáta Udvari	
8.15-8.35	<i>Dániel Szládek</i> Empirical relationship between stock prices and macroeconomic variables in Central and Eastern Europe – Methodological overview and first results for Hungary
8.35-8.55	<i>Isaac Kwesi Ampah - Gábor Dávid Kiss</i> Domestic policy uncertainties and capital flights in Sub-Saharan Africa. A Dynamic Panel Estimation of some selected HIPC countries
8.55-9.15	<i>Cristina Orozco Espinel</i> Resource curse: The case of Ecuador
9.15-9.35	<i>Ádám Kerényi</i> Challenges in CEE and Baltic post-socialist EU member states

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Session 2 – Single market Room: KO 108, Chair: Sarolta Somosi	
8.15-8.35	<i>Éva Kuruczleki</i> Layers of integration: recent evolution and current state of the four freedoms in the EU
8.35-8.55	<i>Jarmo Gombos</i> Some Effects of Brexit on the United Kingdom
8.55-9.15	<i>Róbert Csoma</i> The role of cohesion policy funds and foreign direct investments in the catching-up process of Eastern-European countries
9.15-9.35	<i>Boglárka Fekete</i> Competition regulation challenges in Internet-based industries
9.35-9.55	<i>Ivan Rubinić</i> Inequality and Exploitation in Eurozone

Parallel sessions	
Friday, 13.00-14.45	
Session 3 – Finance Room: KO 101, Chair: Andreász Kosztópulosz	
13.00-13.20	<i>Andor Máté</i> The external and internal balance in Hungary and Czech Republic
13.20-13.40	<i>Sisay Demissew Beyene - Balázs Kotosz</i> The Determinants of External Indebtedness of Ethiopia
13.40-14.00	<i>John Kibara Manyeki</i> Household-Level Livestock Market participation among Southern rangeland Kenyan Pastoralists
14.00-14.20	<i>János Zoltán Varga</i> Interest rate pass-through in Czech Republic, Hungary and Romania
14.20-14.40	<i>Ádám Czalleng</i> The financial integration of the Visegrad countries: examining the co-movement of stock and bond market return, liquidity and volatility by wavelet and copula tests

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Session 4 – Technology and competitiveness Room: KO 108, Chair: György Málóvics	
13.00-13.20	<i>Marianna Sávai</i> An analysis about the connection between government economic affairs and the competitiveness in V4
13.20-13.40	<i>Edit Lippai-Makra</i> The Significance and Difficulties of R&D Control at Organizations – A Literature Review
13.40-14.00	<i>Ádám Kerényi</i> Fintech is the new normal?
14.00-14.20	<i>János Gyurkovics</i> Role and contribution of different University models in designing and implementing smart specialisation strategies
14.20-14.40	<i>Bence Zuti</i> A Policy Perspective on the Future of Mobility and Regional Competitiveness
Session 5 – Social issues Room: KO 410, Chair: Zoltán Bajmócy	
13.00-13.20	<i>Anita Kéri</i> Foreign student motivation, expectations, satisfaction and loyalty – A proposed conceptual mode
13.20-13.40	<i>Dalma Vincze</i> The Importance of experience consumption in case of young consumers
13.40-14.00	<i>Andrea Béla-Csovcsics - Anita Kéri</i> Similarities and differences between the motivation for volunteering among Hungarian and foreign higher education students
14.00-14.20	<i>Dalma Pető</i> The impact of reference groups on the young adults' nutrition habits
14.20-14.40	<i>Boglárka Méreiné Berki</i> The contradictions of the desegregation policy - Displacement from the largest segregate in Szeged



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14.40-15.00 Coffee break

15.15-16.30 Presentations of the fellowship students of the Hungarian New National Excellence Program Room: KO 108, Chair: Éva Voszka	
15.15-15.35	<i>Nikoletta Nádas</i> The impact of responsible innovation on regional competitiveness
15.35-15.55	<i>Bence Zuti</i> Digitalization and Regional Competitiveness
15.55-16.15	<i>Sarolta Somosi</i> Community relevance and gates in health policy implementation
16.15-16.35	<i>Beáta Udvari</i> The EU-Africa research cooperation – programs and data

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Venue

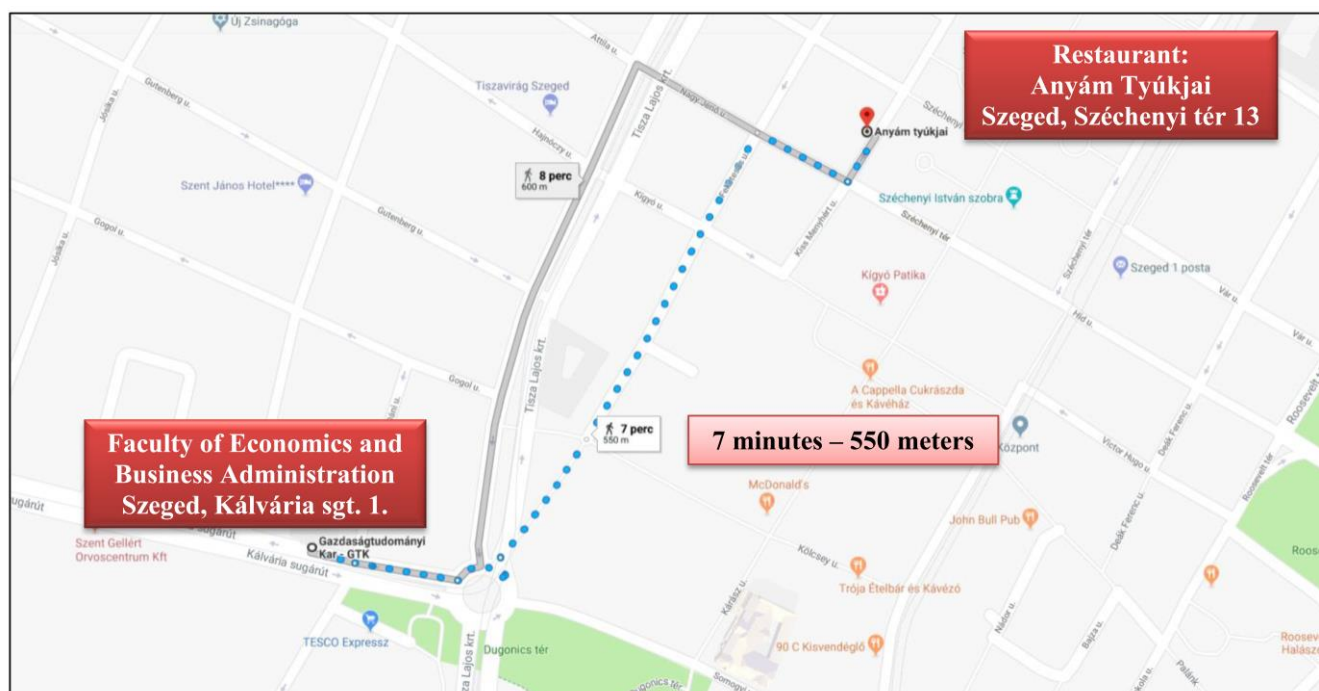
Plenary and paralell sessions: Faculty of Economics and Business Administration

Address: 6722 Szeged, Kálvária sgt. 1.

Conference dinner: Anyám Tyúkjai Restaurant

Address: 6720 Szeged, Széchenyi tér 13.

From the Faculty of Economics and Business Administration to Anyám Tyúkjai Restaurant.



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ABSTRACTS

RENEWAL OF THE EUROPEAN ECONOMIC INTEGRATION CONCEPT

Panel discussion 1

Eurozone imbalances: structural roots in economic fundamentals and search for a way out

Annamaria Simonazzi, Sapienza University of Rome

Core and peripheries in the European Union: interdependence and missing convergence

The current crisis is the culmination of a process of integration that has profoundly changed the structure of each member state, their interrelations and their power relations. Several explanations have been advanced, focusing on institutional flaws, macroeconomic imbalances and inadequate economic policies.

We start from the conviction that in our endeavour to respond to the current crisis we must look beyond the short run, analysing the different trajectories of the peripheral and core countries in terms of the interdependence between economies with different productive capabilities. After decades of economic integration and EU enlargement, the economic geography of Europe has shifted, with new peripheries emerging and the core showing signs of fragmentation. Divergence has been increasing in many domains, with weaker member states and regions falling behind their stronger companions. Moreover, economic and social inequality is on the rise within each of the member states.

Offering a fresh angle on the European crisis, we intend to build a bridge between macro, micro and policy analyses, with a focus on countries' diverse productive capabilities and their interdependence. We investigate which macroeconomic and industrial policies are required to ensure the long-term sustainability of the monetary union and, in particular, what is the role of the state in guiding investment, diversifying, innovating and strengthening the economic structures of peripheral countries to help them thrive.

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Maks Tajnikar, University of Ljubljana
Disequilibrium prices as determinant of inequality in euro zone countries

Usually inequality among countries has been explained by differences in economic efficiency. But, there is a way to explain it by economic efficiency (productivity of labour and efficiency of capital), differences in capital intensity of economies and differences in countries' long-term prices in international markets. Based on the case of the euro zone countries and by using a theoretical model similar to Marx's model, we will show that disequilibrium international market prices are the decisive cause of inequality among countries in the euro zone. Further, these prices are also the key factor for explaining the so-called "inequivalent labour exchange" among analysed countries.

Claudius Gräbner, Johannes Kepler University, Linz
Path dependent development in Europe: macroeconomic divergence, structural polarization and implications for policy

We study the implications of deepened economic integration for the development paths of European countries and derive success criteria for policies aimed to reduce unequal development patterns in Europe.

The EMU had raised hopes for rapid convergence among member states. We document that such convergence has occurred only in some macroeconomic indicators before the crisis. Using impulse response functions derived from 'local projections' we show that effects of deepened economic integration were heterogeneous and did not lead to convergence. We relate our findings to accounts on the variety of capitalisms and derive two policy implications:

First, policies must consider the path dependent nature of countries' developmental trajectories: a one-policy-fits-all-member-states solution is unsustainable. Second, isolated policies will not lead to convergence. Rather, three intertwined policy programs are required: coordinated macroprudential financial regulation, active industrial and innovation policies, and progressive re-distribution.

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Panel discussion 2

Changing role of FDI and development of domestic economies

Gábor Hunya, The Vienna Institute for International Economic Studies
Changing role of FDI in the EU-CEE

The presentation looks into long-term trends of FDI inflows in the Central and East European EU member states (EU-CEE). It defines periods in time and a sequencing of countries. The dominant driving force in the 1990s was privatisation, and in the 2000s the integration into international value chains. The period following the global financial crisis has several distinguished features: no return to former amounts of FDI inflow; FDI becomes secondary to EU transfers in external financing; outflow of FDI related earnings often surpass FDI inflows while compensated by trade surplus; dependence on foreign affiliates stabilises at a relatively high level. Future economic growth, on the one hand, depends of the modernisation activity of foreign investors coping with increasing labour and skills shortages and, on the other hand, of the efficient use of EU funds for increasing the competitiveness in the economy at large, primarily in domestic companies.

Magdolna Sass, Institute of Economics, Hungarian Academy of Science
Who really invests in CEE?

The presentation is based on the FDI data available for 2015, which are now broken down according to the country of the ultimate investor and thus give a much clearer picture about the nationalities of those multinational companies, which invest in the CEE countries. As opposed to the statistical data, which were available so far and which presented country breakdowns according to the immediate investor and investment, this new dataset tries to trace the real origin – whenever possible – of the investor. The new data give information about

- how high can be the share of FDI in total from the main investing countries;
- which countries are usually used as “transmitters” in FDI transactions and
- which investors are more inclined to hide their real origins.

The presentation deals with the above questions as well as with the main policy consequences.

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Miklós Szanyi, Director of Institute of World Economics, Hungarian Academy of Science and Professor of the University of Szeged
Illiberal states and business capture in East-Central Europe

East-Central European transition process was earmarked by the development of Western-type democratic institutions and competition-based market economy. The process changed direction during the early 2000s, partly because of declining outside incentives (international financial institutions and EU), partly because of weak social control mechanisms of the countries, partly because of inherited historic patterns of autocratic political regimes. The outcome was covert or open weakening (refusal) of democratic political and competition-based market institutions, growing corruption and business capture. ECE societies are split. The anchoring role of EU is weak due to regulatory bottlenecks. Multinational business may encounter the spread of patronage, nevertheless, they also seem to be more interested in smooth cooperation with local autocracies than in fighting for freedom and democracy. Without effective competition local business may lose skills that would be necessary for international competitiveness.

Panel discussion 3

Intra-EU migration: market equilibrium or agglomeration effect?

Béla Galgóczi, European Trade Union Institute, Brussels
Intra-EU Labour Mobility under stress test – does it contribute to better labour allocation?

Does evidence on cross border labour mobility after the 2004 and 2007 enlargement rounds support the expectation that labour mobility is a major contributor to a better functioning of European labour markets? Our research in the past years at the ETUI compared skills/jobs mismatch of EU10 mobile workers in a number of EU15 countries. These findings will be supplemented by distributions of nationals and EU10 workers by economic activity on EU15 labour markets based on Eurostat special extraction data (2015).

We will highlight a high level of jobs–skills mismatch and thus the under-utilisation of human capital of EU10 mobile workers and identify this as one of the biggest challenges in recent intra-EU labour mobility. Analysis on the effects of the crisis on the labour market participation of EU10 workers on EU15 labour markets will also provide comparing this also to the performance by nationals.

These research findings will be put into policy perspective and into the current realities in the EU with view to the following main issues:

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- Wage convergence between the EU15 and the CEE NMS came to a standstill since the crisis
- East-West intra EU labour mobility is focused to a number of EU15 countries creating local tensions in certain countries
- The `Mobility Package` of the EU Commission had several measures and proposal to facilitate intra-EU mobility, hurdles are still substantial as e.g. over-qualification of CEE mobile workers shows
- Lessons and possible consequences from `Brexit`
- Trade union initiatives and tool for promoting `fair mobility`.

Oldrich Krpec, Masaryk University, Brno
International wage differentials in FDI dominated economy - case of Czechia's dependence on Germany

Explanation of significant and persistent differences in wage level between countries is problem of great importance for economies of east central Europe (CEE). The aim of our contribution is to point out, that economy dominated by foreign FDI is – in relation to international wage differentials – vulnerable even if there are no fundamental differences in productivity levels. It is because the arbitrary decisions about price of physical capital, intellectual property fees and cost of credit provided by parent company to affiliate abroad is giving the parent company opportunity for manipulating the value added of particular production unit (increasing in home country, decreasing in subsidiary abroad) therefore affecting the reported productivity level - in turn justifying and preserving the present high wage level differentials between countries.

Anita Pelle, University of Szeged
Intra-EU migration from the sending countries' perspective

Free movement of persons has been a fundamental building block of European integration since the beginning. It was crowned by EU citizenship in the Maastricht Treaty. The advantages of free movement are obvious: better opportunities of employment, business, or study, and prospects of an improved quality of life. Nevertheless, there are many further aspects, some of them less forming part of the regular mainstream discourse. In fact, if we look at the patterns of intra-EU migration, we can see that it is mostly emigration from the periphery towards the core. What are the social-sociological, economic, demographic, or even political implications for the sending economies in the short and in the longer term? And, perhaps more importantly, what are (what would be) the sending countries' interests in this issue and how should they communicate these within the European integration context?

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Panel discussion 4

Institutional weaknesses in the southern and eastern periphery (innovation system, state capacity, education)

Ion Imbrescu, West University of Timisoara

Characteristics of institutional weaknesses in SEE. Case of Romania

Southern and eastern European countries experienced different types of transition. Also, there are some common characteristics: trust in public institutions is low, there is a lack of performance of public entities that produce goods and services, opacity related to different operations in public sector, spread of systemic corruption. All these can transmit the idea of the existence of an institutional disease that can affect the state capacity to provide goods and services (especially in health and education sectors) and also the decrease of investment in research and development. I will try to present some common problems of SEE countries and some specific Romanian problems, in order to see if a diagnosis is possible and, more important, if it is possible to identify solutions for these problems.

Stefano Solari, University of Padova

Obstacles, strains and adversities to performing industrial policy in the periphery: A structuralist view

In the structuralist view of the European integration process institutions and economic forces determine a non-homogeneous space of interaction. Problems of composition imply counterintuitive results to policies. The unfit architecture of European economic federalism based on system competition combined with single market policies is analysed. These structural forces are considered together with the progressive phenomenon of “centralization” of economic organisation in relation to exchanges. By the means of these theoretical instruments, the different trajectories of peripheries and the converging results of the new economic centre-periphery geography are briefly characterised in terms of the dangers of dependency and the low-labour-cost trap. Technological research and innovation, education and infrastructures, as well as policies fostering these are analysed in relation to this economic structure. The likelihood of obtaining a polycentric economic space by means of an industrial policy is evaluated. The interaction and dynamics of relevant macro-institutions are also assessed.

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Piotr Maszczyk, Warsaw School of Economics
Aggregate Composite Index of Capitalism

According to theoretical concept proposed by Amable, variety of institutions vindicates the distinction between models of capitalism. In order to provide empirical verification of this concept an aggregate composite index of capitalism models for 25 UE countries was constructed. The goal of this index was to stratify the interesting group of countries according to the dominant mechanism of social coordination (market vs. non-market) in each of Amable's institutional areas (product market competition, social protection system, financial system etc.) and additionally in housing market. The results are interesting and could be useful in further econometric modelling of the impact of institutional architecture on economic performance. The distribution of composite index numerical quantities proves that countries usually associated with the same model of capitalism (e.g. Great Britain and Ireland) acquire similar values. Thus, invented index seems to be a useful quantitative tool to identify models of capitalism existing in Central and Eastern European countries.

Panel discussion 5
Renewed framework of the European integration concept

István Benczes, Corvinus University of Budapest
Explaining crisis management: The case of state-centric approaches

Scholarly discourse on European integration had been mostly dominated by mezo-level and policy-oriented theories following the adoption of the Maastricht Treaty. The 2008 and 2010 crises were supposed to be game-changers in this respect, as intergovernmental practices evolved and started to proliferate in crisis management in the EU. Intergovernmental treaties proved to be quick fixes, providing no additional room for the Community method and supranational institutions or elites. State-centric approaches such as (neo)realism, (liberal) intergovernmentalism or (neo)liberal institutionalism have not been too keen on or active in explaining the post-crisis developments in the EU. Was there nothing out there to be explained? Did the global and European crises not trigger enough alteration in the system in general and in European integration in particular to reflect upon? Or do these accounts simply not fit the job they are supposed to do? The presentation critically assesses the attempts of state-centric approaches in explaining crisis management – or the lack of their intent and capacity to do so.

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Urmas Varblane, University of Tartu
EU Structural Funds in the Baltic countries – growing dependency and exit strategies

The current article is focused on the role of financial assistance from the European Union in the budgets of the three Baltic countries. They all have seriously benefitted from the support of EU structural funds, which have reached close to four per cent of their GDP. Based on the case of higher education research funding, the article argues that the Baltic countries overlook the additionality principle of the European Union cohesion policy. Structural funds are often replacing the Baltic countries' own funding. During the current EU programming period between 2014 and 2020 the exit strategies should be prepared by the governments of Baltic countries in order to be able to finance research with significantly lower support from the EU cohesion funds.

Beáta Farkas, University of Szeged
Challenges for European economic integration theory

Although some topics of European economic integration theory are discussed in literature (especially the monetary union), the general framework has not changed despite severe challenges since the 2008 global crisis. One can hardly find books which provide not only description on different policy areas but comprehensive micro- and macroeconomic background. The few books on European integration which have foundation in economics were written prior to the crisis (e.g. by Willem Molle) or the lessons of the crisis have not really incorporated yet (e.g. Baldwin – Wyplosz). This presentation overviews the subjects in which the assumptions and projections of economic integration theory do not seem to prove correct and changes would be needed. Furthermore, the new approaches are outlined which are necessary to solve the theoretical problems of current integration. It is emphasised that economic analysis should be completed by institutional and demographic aspects.

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ABSTRACTS

CHALLENGES IN NATIONAL AND INTERNATIONAL ECONOMIC POLICIES 3RD CENTRAL EUROPEAN PHD WORKSHOP ON ECONOMIC POLICY AND CRISIS MANAGEMENT

Session 1

Finance and global challenges

Dániel Szládek, University of Szeged

Empirical relationship between stock prices and macroeconomic variables in Central and Eastern Europe – Methodological overview and first results for Hungary

Stock market analysis has long been in the centre of attention for researchers and practitioners alike. In this paper, the focus is on the relationship between macroeconomic variables – e.g. inflation – and stock prices. First, we introduce the methodological background and the empirical tools of analysing this relationship. Second, we report our results for the first country examined, Hungary. Finally, we propose how we plan to continue the regional research and improve the empirical analysis.

After conducting the research for the whole region, our findings can be useful for several stakeholders. Researchers and practitioners could create new long-term investment strategies for the specific markets, as the analysed relationship is better understood. Since monetary and fiscal policy can influence macroeconomic factors, our results may also provide policy makers an idea how their decisions could affect stock market prices in the region.

Isaac Kwesi Ampah - Gábor Dávid Kiss, University of Szeged

Domestic policy uncertainties and capital flights in Sub-Saharan Africa. A Dynamic Panel Estimation of some selected HIPC countries

This paper investigated the impact of domestic policy uncertainties as perceived by domestic investors on capital flight in Heavily Indebted Poor Countries in sub-Saharan Africa employing a Generalized Autoregression Heteroscedasticity (GARCH) model and dynamic Panel Autoregressive Distributed Lag model, as well as a dataset for the period 1990 to 2012. The outcomes of the econometric investigation, which is a reflection of the current situation in SSA, support the view that domestic investors will withdraw their investments from the domestic economy and buy foreign assets if they perceived the content and direction of current and future public policies to be uncertain. These results suggest that government in Heavily Indebted Poor Countries in Sub-Saharan Africa should focus on stabilising their macroeconomic and political situation if they want to reduce the outflow of domestic capital, particularly by private wealth.

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Cristina Orozco Espinel, University of Szeged
Resource curse: The case of Ecuador

Among others, Jeffrey Sachs and Andrew Warner have demonstrated a positive correlation between the abundance of natural resources and poor economic growth, the so-called resource curse. Certainly, it depends on several factors, e.g. government corruption, internal conflict, revenue volatility and excessive indebtedness. Most of these issues perfectly suit with the Ecuadorian economy. Indeed, this country has been historically an exporter of primary goods, mainly petroleum, which accounts for 57% of its exports and is closely related to economic dependence and poverty.

In this context, the revenue of primary goods has been volatile due to the dependence on the international market prices. Furthermore, this income has not been invested properly in the economy because of the poor resource management of weak, inefficient and unstable institutions that have diverted the anticipated income from extractive activities, along with the corruption of authorities, which has even generated indebtedness. Thus, primary goods neither have been a sustainable source of income nor have served for development purposes.

All in all, Ecuador has become dependent on the oil industry over time. The abundance of oil revenue has discouraged investment in the economic diversification, preventing the country from having a more stable economy in the long term. In this context, this paper is focused on showing Ecuador as a case of the resource curse. First, it gives evidence of the country's dependence on the export of primary products, mainly oil, over time. Second, it links the country characteristics and results to the resource curse theory and its consequences. Finally, it proposes strategies to help the country to break this vicious circle with the aim to promote a sustainable economic development based on the diversification of export products with the objective to avoid the overdependence on the export of primary goods.

Ádám Kerényi, Institute of World Economics of Hungarian Academy of Sciences
Challenges in CEE and Baltic post-socialist EU member states

After the EU-accession the Great Recession hit the CEE and Baltic regions (BCEE) very hard, where the countries reacted differently. Since joining to the European Union CEE and Baltic countries experienced a historically never-experienced capital inflow due to the EU-funds. In the first section shows how the crisis effected the macroeconomic environment in the BCEE region. In this section of my paper I introduce a counterfactual analysis on the impact of cohesion policy 2007-2023 with a model simulations called Quest III. In section 2 I examine the country- and regional level convergence GDP per capita in PPS from 2008-2016. In section 3 I try to find the causes behind the impressive country level-convergence and I discuss the reasons why that in regional level the convergence process is taking part more slowly.

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Session 2 *Single market*

Éva Kuruczleki, University of Szeged

Layers of integration: recent evolution and current state of the four freedoms in the EU

The Single European Act, signed in 1986 as the first major revision of the Treaty of Rome, proposed steps towards the realisation of the single market, as the next level of European integration. The four freedoms - free movement of the factors of production (labour and capital), as well as free movement of goods and services- are the true essence of the whole integration process and with the realisation of the single market, the vision of the four freedoms became reality. The process of European integration started decades ago and in light of recent events it seems that the integration process has arrived at a crossroad: earlier continuous deepening of integration may have come to a halt, just as convergence. In my assessment I use statistical methods and graph theory in order to show the level of integration and the closeness of relations, all in a dynamic way.

Jarmo Gombos, University of Szeged **Some Effects of Brexit on the United Kingdom**

Since the referendum the Conservative Party has lost its majority in Westminster, the influx of European workers has dropped significantly, thousands of jobs are transferring to the European Union, the British government lost the court case about whether it has to ask the parliament's consent in invoking Article 50 and it also lost a vote in the Parliament in the question about parliamentary approval of the final deal. The Great Repeal Bill has been introduced and it looks like it has a somewhat misleading name.

In my research, I first show the political consequences of the vote. In the second part I present the legal consequences and in the last part I demonstrate the impact on some aspects of the economy of the United Kingdom. I introduce what happened since the referendum and some possible scenarios for the future. The questions I answer are what major effects did Brexit have on British politics; how is the legal environment changing and what are the forecasts for Britain's economy?

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Róbert Csoma, Budapest University of Economics
The role of cohesion policy funds and foreign direct investments in the catching-up process of Eastern-European countries

After their transformation into market economies at the end of the 1980s, due to the inflow of foreign direct investment Eastern European countries started a catching-up process to close their development gap with the more developed Western-European countries. The convergence process was significantly advanced when these countries joined the EU, as the advantages of the single market attracted even more capital into the region. Paradoxically, gaining full access to the funds of cohesion policy did not result in accelerated convergence. On the contrary, its rate remained moderate even after the 2007-2009 crisis. The present article examines the situation due to which cohesion policy can take credit for the achievements of the convergence process, even though its contribution to the developments is questionable.

Using the method of time series analysis, the article also shows that the expansive regulatory system that enables the utilization of EU subsidies cannot reproduce the returns that are naturally achieved with private investments. Furthermore, nor it is able to sufficiently elicit the positive external effects which, in the event of market failures, could justify the disbursement of subsidies. The article also discusses that the dependence of the Eastern European member states' economic growth on subsidy payments varies. Moreover, it states that the disbursing institutions are also operating with different levels of efficiency.

Boglárka Fekete, University of Szeged
Competition regulation challenges in Internet-based industries

Both the fast rising and the ongoing global market structures are changing radically. Multi-sided platforms induce relevant changes in many fields. Several economically important industries interact via platforms (e.g. Internet-based industries, advertising-supported media, and financial exchanges).

Market actors often commit to anti-competitive conducts so competition regulation is very important in relation to the operation of markets. Multi-sided business platforms are dynamic phenomena. At present the regulatory framework and competition authorities also appear to be puzzled by them. Regulators are still lacking new robust models thus they are constrained to using traditional methods in the course of their investigations, which raises the risk of false conclusions.

Many of web-based businesses generate revenue from attracting eyeballs and selling access to advertisers. Many websites run advertising sales as well. There are some firms which dominate this platform including Google, Apple and also Facebook.

In this context the research addresses the issues of the competition regulation challenges in Internet-based industries. We observe that traditional

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competition regulation has been scrutinised by these platforms. The definitions and analyses must be redrafted. Furthermore, self-regulation may well be a more effective way so regulation may have to face an even more fundamental transformation.

Keywords: multi sided market, competition regulation, platform, Internet-based industries

Ivan Rubinić, University of Rijeka
Inequality and Exploitation in Eurozone

The cornerstone of the research is the development of a model similar to that of K. Marx, which investigates the origins of economic inequality as a derivative of the labor force exploitation. The starting point of this inquiry is the theory of the unequal exchange. The central concept being empirically analyzed using euro area member states (2004-2013), was that the phenomenon of unequal exchange between countries, arising from labor force exploitation on a national level, plays a key role in creating inequality. Authors findings indicate that the differences between the capital-labor force ratio and disequilibrium prices enhanced with various levels of economic efficiencies among individual countries are explaining the differences in exploitation rates and arising cross-country economic inequality, accordingly.

JEL codes: B51, D63, P16

Keywords: Economic inequality, Labor force exploitation, Euro area

Session 3
Finance

Andor Máté, University of Szeged
The external and internal balance in Hungary and Czech Republic

Nowadays, especially after the global crisis in 2008, the external and internal balance of individual countries has become a major area of research. This is even more important in CEE-region, as the crisis has shown that imbalances in this region significantly increase their sensitivity to the crisis. In our research, we aim to explore whether there is, if any, relationship between fiscal and monetary policy and the balance of the current account in the CEE-region. In this work we will focus on two countries, Hungary and Czech Republic. The period which we will analyze is the last nearly three decade since the transition.

Based on the literature review, we examine the effects of certain fiscal and monetary policy factors on the external balance with statistical and econometric methods. We also intend to analyze the economic policy processes and impacts in the selected countries and period.

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Sisay Demissew Beyene - Balázs Kotosz, University of Szeged
The Determinants of External Indebtedness of Ethiopia

The concern about determinants of external debt gained a significant interest of researchers and decision makers in both developing and developed countries. Even though Ethiopia is one of Heavily Indebted Poor Countries (HIPC), there is a lack of country-relevant empirical studies. Therefore, using the two and three gap model as a theoretical framework and ARDL bound testing approach; this study examined the primary determinants of external indebtedness of Ethiopia for the period ranging from 1981 to 2016. The results show that in the long-run, saving-investment gap, trade deficit, fiscal deficit, and debt service have a positive and significant impact on external indebtedness. However, GDP growth rate, terms of trade, and inflation are negatively and significantly affect external indebtedness of the country. Besides, these results coincide with the two and three gap model of our theoretical framework. Furthermore, the study has the following policy recommendations: promoting domestic savings habits or appropriate policies that increase savings, rising exports both in quality and quantity, providing conducive environment for Ethiopia's exports by the international community, raising the efficiency of tax collection and cutting unnecessary expenditure, and sustainable economic growth is another way to reduce the external debt.

John Kibara Manyeki, University of Szeged
Household-Level Livestock Market participation among Southern rangeland Kenyan Pastoralists

Despite the well-known potential benefits of engaging in markets, very low levels of market participation are observed among smallholder pastoral farm household throughout most of Sub-Saharan Africa. So, what motivates some pastoral farm households to produce and participate in the livestock markets in Kenya while others not? In this study, we applied the Double Hurdle model that involved parametric generalization of the Tobit model, in which two separate stochastic processes determine the decision to participate and the extent of participation. Our results indicate that live-animal livestock prices matter to the extent of livestock market participation and that transactions costs matter both in the probability of participation and in the extent of participation decisions, hence offering additional evidence in favor of a well-known behavioral irregularity. The empirical evidence suggests that interventions aimed at facilitating smallholder pastoralists access to education, at reducing the costs associated with the distance to livestock markets, and, perhaps especially, at improving poorer households' access to improved veterinary services and market information especially on prices and productive assets such as pasture land are central to stimulating smallholder pastoral farmers market participation and escape from semi-subsistence livestock production traps.

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János Zoltán Varga, University of Szeged
Interest rate pass-through in Czech Republic, Hungary and Romania

In developed countries during the last couple of decades, the monetary policy's main tool usually has been the interest rate steering. For the monetary policy's interest rate channel to operate smoothly and effectively, the relevant interest rates of the real economy are supposed to react quickly and follow the movements of the base rate. It has been observed that this connection has weakened since the financial crisis and it was suggested that the so called Weighted Average Cost of Liabilities (WACL) might be a better proxy for the banks marginal costs than the prime rate or interbank rate. In this study we calculated the WACL for Czech Republic, Hungary, Romania and test whether its relationship with the lending rate is more stable. Results: we observed the weakest relationship between the WACL and interbank rate in Czech Republic, and the WACL do restore the cointegrating relationship with the loan rate, while in Romania both the WACL and interbank rate move together closely with the loan rate. In Hungary we have not found cointegrating relationship with the loan rate neither using the WACL nor the interbank rate. The possible reasons and the evolution of WACL are discussed in the text.

Ádám Czelleng, University of Szeged
The financial integration of the Visegrad countries: examining the co-movement of stock and bond market return, liquidity and volatility by wavelet and copula tests

The paper aims to explore the financial integration between the Visegrad countries from a new perspective. Its purpose is to examine the short term interdependency of stock exchanges' returns, volatility and long term bond markets' liquidity, volatility and market movement by applying three-dimensional continuous wavelet transformation on the daily market data. By using wavelet method, we can estimate the interdependence level and lag-lead relationship among the financial markets of the Visegrad countries for the post – crisis period (from 2012 to 2017). The level of interdependence for bond markets' movement and the bond markets' liquidity vary over time. While the level of interdependence for stock market movements and volatility for both stock and bond markets are stable over time and found to be stronger in the short term. The copula approach can help us to understand the causality within the region and to understand whether the level of comovement is only temporary or not.

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Session 4 Technology and competitiveness

Marianna Sávai, University of Szeged

An analysis about the connection between government economic affairs and the competitiveness in V4

The competitiveness of country is depend on internal and external conditions. Our study is based on the theoretical background and analysed the connection between the competitiveness and the fiscal policy. We focused on the government economic affairs, the labour productivity and the global competitiveness index ranking. The reference group was made up of Visegrad Group Countries in the period 1995-2016. We examined time series with simple econometric models. Most of the results did not prove out theoretical hypothesis.

Edit Lippai-Makra, University of Szeged

The Significance and Difficulties of R&D Control at Organizations – A Literature Review

Nowdays, technological innovation and R&D activities are the main sources of long term competitive advantage. From this aspect R&D control has a significant role since it can be a tool for managers to support decision-making and to influence other members of the organization to reach their strategic goals. Performance measurement makes it possible for decision makers to set concrete objectives for the employees, which is a basic tool for feedback and provides information about the practicability of the goals. However, setting up R&D control systems is a difficult task because processes in this field are often very unique (steps and phases are not repeated the same way in different projects) which leaves less space for standardization. The aim of this study is to provide a synthesis of the related international literature and also to set up a theoretical framework for future empirical research.

Ádám Kerényi, Institute of World Economics of Hungarian Academy of Sciences
Fintech is the new normal?

As digital is the new normal, digitalization and technological modernisation (FinTechs) are inevitable and integral parts of financial development. Financial technology means financial innovation brought by technology. Technical advance is the cause, and financial innovation is the result. Fintech has rich connotation, and will become a trend of financial development with the ceaseless technical progress. Financial technology will transform a great part of the banking industry, fundamental

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challenge is to meet the potential risks and regulatory obligations of this development. The most forward-looking banks will not just survive the wave of digital disruption, but will thrive, as these FinTech-driven challengers gain momentum. The world's major retail banks enjoy huge advantages, not least in terms of their collective customer base and the data they hold on their clients. Banks and Fintech firms have more business interests in common than issues that divide them. In the future information technology communication and social behemoths (Google, Apple, Facebook, Amazon, Alibaba) will take leader role in the process of promoting an environment of banking without banks.

János Gyurkovics, University of Szeged

Role and contribution of different University models in designing and implementing smart specialisation strategies

Universities are often perceived to play an important role in innovation processes and economic development of their regions. Thus, many policy-makers around the world try to incite them to become valuable assets to their surrounding areas and many policy documents deal with their potential role and contribution to regional development. This notion has also integrated in the recently emerging research and innovation policies which adopted the concept of smart specialisation (SS) as a fundamental principle. Actually, smart specialisation means a new policy thinking and design which involves the largest group of stakeholders to identify unique strengths in their region upon which regional policy could be built. The aim of SS strategies, based on regional strengths and opportunities, is to foster learning linkages within and between regions to facilitate the evolution of new activities, industries and to develop new growth paths.

However, different university models that coexist at the same time might contribute to the success of SS strategies in very different ways because of their varying objectives, roles and levels of engagement. So in this paper I try to identify the potential role and contribution of different university models in designing and implementing smart specialisation strategies.

Bence Zuti, University of Szeged

A Policy Perspective on the Future of Mobility and Regional Competitiveness

The presence of developed regional transport and telecommunication infrastructures are considered as factors that can directly or indirectly contribute to regional competitiveness, especially in the age of digitalization. Through this phenomenon, we embrace a world that becomes more connected and complex than ever. With the new technological innovations and solutions becoming available, more advanced levels of mobility can be achieved: concepts of smart urban mobility and autonomous transportation systems are becoming a reality. The rapid changes require swift actions both from the perspectives of society and economy. These actions include the re-examination of our currently effective policies, with the use of a multidisciplinary mindset and

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considering the perspectives of policymakers, manufacturers, and consumers as well. The goal of the paper is to provide key points of consideration for policymakers when it comes to planning the future of urban mobility while acknowledging the significance of driving regional competitiveness in the world of digitalization.

Session 5 Social issues

Anita Kéri, University of Szeged Foreign student motivation, expectations, satisfaction and loyalty – A proposed conceptual model

Internationalization is widely considered to be the most important aspect of higher education in recent decades. Foreign student motivation, expectations, satisfaction and loyalty have become a central issue in understanding and satisfying foreign students' needs. This paper sheds new lights on these factors by developing a conceptual model of foreign student motivation, expectations, satisfaction and loyalty. Based on the literature review and the results of previously carried out primary research, a new model is proposed that can be tested later. This paper aims at introducing secondary and primary findings and the steps of building and defining the new conceptual model. The investigations revealed that there is a connection between the researched factors. Word-of-mouth advertisement has a key role and affects foreign student motivation and expectations that can be related to in-school and out-of-school aspects as well. Motivation can have an effect on expectations. Expectations influence satisfaction that has an effect on loyalty. Satisfaction and loyalty can both materialize in WOM. These results further our knowledge of internationalization and foreign students at a Hungarian higher education institution. I think that these findings could be used to understand foreign students' needs better. The new model could be tested in a future research.

Dalma Vincze, University of Szeged The Importance of experience consumption in case of young consumers

It is difficult to understand the motivation behind the consumption of young consumers (22-18 year old Gen Z members). Understanding the function of consumption is considered to be one of the most important tasks in the field of Consumer Behaviour. The different functions of consumption have become a central issue in in consumption studies. This paper sheds new lights on the phenomenon of experience consumption as a new function of consumption, beside fulfilling needs and status demonstration. It was decided that the best method for this investigation was to conduct a netnography (online observation method) beyond the 18-22 year old Facebook and Instagram users. This 2-month-long investigation revealed that these young consumers mainly post pictures that made them happy or proud. These results further our knowledge of experience since our subjects want to feel

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themselves unique, and want to consume goods and services that have the ability to provide fun. They like to do this either in community or alone. We think that our findings might be useful for understanding one more aspect of the consumption of young people.

Keywords: consumer behavior, consumption, Generation Z, experience, netnography

Andrea Béla-Csovcsics - Anita Kéri, University of Szeged
Similarities and differences between the motivation for volunteering among Hungarian and foreign higher education students

Voluntarism is a quite current topic. However, it is still not as widespread in Hungary, our target country, as it is in other countries, such as in the United States, Canada, or other Western-European countries. In recent years, information about voluntarism has started to spread and it has become a better known phenomenon. Younger generations, especially high-school students are highly involved in and are taught about voluntarism. Therefore, it is worth studying, if they continue their voluntary work or not later on, when they enter higher education. The aim of the current study is to determine whether higher education students carry out any voluntary activities or not. If they do, an additional aim is to define the main motivation of these students for voluntarism. In the paper, voluntarism, voluntary work opportunities, voluntarism in higher education and motivations are discussed. In order to get current results, six focus group discussions were conducted among Hungarian higher education students, as well as foreign students studying at a Hungarian university. The results of the survey are presented and interpreted in the paper.

Keywords: voluntarism, voluntary work, higher education, motivation

Dalma Pető, University of Szeged
The impact of reference groups on the young adults' nutrition habits

Nowadays awareness of health conscious nutrition and related requirements have become a hot topic, but the awareness to pursue those objectives has not followed it. This is especially true to the younger generation, because they see nutrition as a simple calorie intake, health is a basic endowment, so it does not require any special care. This is solicitous because the inadequate nutrition also holds risks for this age group, and at the same time health of young people is an important social aspect for the future of a nation. In our research we investigated the eating behavior of the young and especially the impact of reference groups on their food choices. The study presents ten in-depth interviews among young people between age 12 and 16. The research found that among youngsters, healthy nutrition is far from being common practice. The influence of the parents is really strong in this age. They frown upon sharing meals at social media that are self-serving and different from the actual diet. Also, they recognize that the food and recipes related content in social media has influence on them. Usually they only watch these contents but time after time they also share it.

Keywords: healthy nutrition, young adults, social media, reference groups

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Boglárka Méreiné Berki, University of Szeged

The contradictions of the desegregation policy - Displacement from the largest segregate in Szeged

In 2017, the local government of Szeged started to eliminate the largest segregate (ghetto) of the city. According to the anti-segregation plan of Szeged, this process will have been finished by 2029. The aim of the process is to remove the families into an integrated environment. Several studies and policy papers also emphasize the negative effects of the enduring ethnic and/or social/economic-based spatial concentrations of the households (negative neighbourhood effect). This is the underlying rationale for implementing mixing-policies, which are frequently applied planning strategies. However, in practice and according to recent studies, these processes seem to be more complicated and contradictory.

The aim of the present paper is to reveal how segregation and policy-led desegregation influence the social mobility of the affected families. We apply qualitative (e.g. individual and group interviews) and long-term participatory methods (participatory action - PAR). We have worked together with the inhabitants of the above-mentioned segregate since 2015, therefore our main data set was mostly acquired from this PAR-process. We found that segregation can provide important resources for the families through the internal relations of the community members. This can be damaged by the displacement. Furthermore, the artificial social mix is not enough alone to create favourable conditions for social cohesion and social mobility. Thus, without appropriate monitoring and facilitation, the affected families may be unable to replace these resources after the displacement. This way desegregation may generate more external and internal social tensions, contribute to re-segregation, and/or further deprivation and exclusion.

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