

### **Mobility, uncertainty and subjective welfare in Hungary**

*György Molnár and Zsuzsa Kapitány*

One of the decisive factors behind satisfaction (subjective welfare) is income mobility. Individuals usually judge change in their income position in terms of change in relative position, not in level of income. So the study analyses in the main the effect on satisfaction exerted in Hungary by objective and subjective indices of relative income mobility, in the 2000–2002 period, when the rate of growth in real incomes was exceptionally high. The findings confirm that in upwardly mobile families with increasing incomes in the period examined, the rise in relative income position did not bring added satisfaction: those whose relative position had improved were less satisfied than their attained income level would warrant. This situation pertains primarily because of uncertainty about the objective variables, when those whose incomes are rising do not expect the positive trends to persist. Those in a marginal labour-market situation are more dissatisfied than others, regardless of their income, and this dissatisfaction may spread to family members in a different position. This combined sphere makes up almost a third of Hungary's population. Negative labour-market expectations are likewise factors that reduce satisfaction.

### **Can everybody win by redistribution? Compulsory insurance and asymmetrical information**

*András Simonovits*

Rothschild and Stiglitz (1976) examined primarily neutral insurance (non-redistributive) in a case of asymmetrical information. In their basic model, the insurer is unaware whether the insured is low or high-risk, and so the low-risk individuals have to shoulder an own risk that keeps high-risk individuals from presenting themselves as low-risk (second best solution). The authors also examine, in a model variant, optimum cross-subsidization, but this has been largely overlooked in the literature. This study extends the analysis to the cases of compulsory and redistributive insurance, and shows that for both types it is worth taking out full insurance, but everybody must pay for the average risk. In cases of great risk evasion or great damage, or of the presence of relatively few low-risk individuals, increases the utility not only for the high-risk type, but for the low-risk type as well: the second best redistribution Pareto-dominates the neutral solution.

**Transformation of the foreign language-teaching market***Mihály Laki*

There are no businesses in majority foreign ownership on the language-teaching market and import competition is negligible. One curious feature of this market is the persistent and decisive presence of public education financed by the public purse and local government authorities (the state). As an effect of shortage, commercial relations began to develop on this service market during the final years of the socialist system; new firms appeared in large numbers. The demand for language instruction grew rapidly in the last years of socialism and the early years of the systemic change, then fell during the transformational recession, and rose again in the years around Hungary's EU accession. These days demand has slowed again and the market shows signs of saturation.

**Art treasures or operating capital? Thoughts on accessibility of data for research purposes***Zsombor Cseres-Gergely and Gergely Csorba*

The article sets out to clarify the possibilities of access to data of public interest, and more specifically, to analyse the accessibility of data of use for research purposes. The authors present the current legal regulations in Hungary and examine according to the normative criteria of economics what would be the optimum institutional system of data provision. The second half of the article points to the operative shortcomings of the Hungarian institutions and puts forward proposals for improving the situation.

**The funding models of institutes of higher education***Gergely Kováts*

The last three decades have been a period of continual reform of the funding of higher education, in Europe and many other parts of the world. Reforms in Hungary began with the change of system, and the innumerable funding concepts to appear since (including the latest, for a subsequent contribution to education cost and a part-contribution to development) show that the idea of "permanent reform" applies here as well. The study evaluates the funding models that have crystallized during the reforms, applying various criteria of efficiency and fairness, and also summarizes the theoretical and practical observations on the various models to be found in international literature. The author explores the reason why the reforming process is permanent. Although the article cannot extend to evaluating the Hungarian funding system, the discourse on this may be enriched by its review of basic funding models.