

KINDERGARTEN ATTENDANCE ALLOWANCE IN HUNGARY
EVALUATION OF A CONDITIONAL CASH TRANSFER PROGRAMME

Gábor Kertesi and Gábor Kézdi

The paper aims to estimate the effect of the kindergarten allowance programme, a conditional cash transfer programme introduced by the Hungarian government in January 2009. The authors use institutional kindergarten data and municipality-level demographic data spanning ten years (2001–10), as well as administrative data from the programme in 2009 and 2010, for which the effect on the kindergarten attendance of children of age three and four is assessed. The findings indicate that the programme had some modest positive effects. The paper points to several implementation problems that may have curbed the effects. In particular, the estimated effects are greatest in areas where kindergarten capacities are abundant relative to potential demand, and smaller where capacity constraints may apply.

TAX MORALE AND TAX SYSTEM: SOCIAL PREFERENCES AND BOUNDED
RATIONALITY

Zsombor Zoltán Méder, András Simonovits és János Vincze

The authors study a family of models of tax evasion, where a flat-rate tax only finances the provision of public goods and audits and wage differences are neglected. The paper focuses on comparing two modelling approaches. The first is based on optimizing agents, endowed with social preferences, their utility being the sum of private consumption and moral utility. The second approach involves agents acting according to simple heuristics. While the traditionally shaped Laffer curves are encountered in the optimizing model, the heuristics models exhibit (linearly) increasing Laffer curves. This difference is related to a peculiar type of behaviour: within the agent-based approach lurk a number of agents in a moral state of limbo, alternating between altruism and selfishness.

ASSESSMENT OF THE NEW REGULATIONS ON DEBT

András Balatoni and Csaba G. Tóth

This study investigates Hungary's debt regulations, specified in the Act on Economic Stability, which are planned to come into effect in 2015. The investigation is based

on three of the eight criteria defined by Kopits and Symansky (2001). The regulations do not fully meet the criterion of accurate definition, as it is doubtful whether the nominal debt rule remains in effect below a 50 per cent debt ratio. In terms of compliance, the rule performs well, as it ensures that the debt ratio declines below the 50 per cent defined by the Constitution. The authors point out that inflation is given the wrong sign in the regulations, so that its application will significantly amplify the impact of macroeconomic shocks in some cases. So the regulations perform poorly in terms of adaptive ability to current macroeconomic conditions, i. e. on grounds of flexibility.

VERTICAL CONSTRAINTS – DO THEY INCREASE OR REDUCE WELFARE?
ARGUMENTS IN THE LITERATURE

Barna Bakó and András Kálcz-Simon

The field of vertical constraints is one of the most important in competition policy and regulation, but one that generates the most debate. Hungarian literature on the subject deals primarily with theoretical questions, refraining from offering specific guidelines for handling the problem. The paper first covers briefly the causes of the vertical constraints and the Hungarian theoretical literature on its effective mechanism, listing the system of arguments that point to its effect of increasing efficiency and the models that discuss the possibility of limiting competition. The paper then presents the major empirical examinations made of these theories and the conclusions drawn from that experience.