

**Centre for Economic and Regional Studies of the  
Hungarian Academy of Sciences**

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**I. Achievements of the Centre in the area of research and organisation of science in 2013**

Following the landmark organisational and administrative changes having taken place during the previous year, the Centre for Economic and Regional Studies of the Hungarian Academy of Sciences focused on new tasks in research and organisation of science in 2013. Of particular importance was the establishment of partly integrated research teams representing new fields of research supported by a significant amount of funding.

Examination of the structure and operation of the economic and social networks is in the focal point of the research activities of the newly established research group titled 'Economics of Networks'. The group investigates industrial sectors and territorial units as complex, dynamic, developing and learning systems, predominantly applying methods of the theory of complex networks and, in general, network research. The first international initiative of the research group was the series of conferences called 'Evolutionary Economic Geography in Central and Eastern Europe', the launch of which was held in November 2013 in Budapest, with the active co-operation of an esteemed representative of the profession, Professor Ron A. Boschma.

In accordance with the scientific strategic plan of the Centre, three more new research units also started their activities in the year 2013: the working team targeting the professional integration of the research trends on regulatory theory, the research group dealing with the economic and social developments in the cross-border regions, and the inter-institutional research team analysing the effects of direct foreign investments.

The researchers of the Institute of World Economics initiated the establishment of a research team within the framework of the Research Centre for Economic and Regional Studies of the Hungarian Academy of Sciences, dealing with international comparative studies. Researchers from the other two institutes also joined this initiative. In the autumn of 2013, the research group proposed a strategic co-operation with the Faculty of Economic Sciences of the University of Szeged. Co-operation includes also joint tendering. Co-operation is in the pipeline regarding the inquiries into varieties of capitalism, and the examination of export-oriented economic development in Europe.

The Institute for Regional Studies of the Centre co-ordinated the complex research programme supporting the rural development strategy of the Ministry for Rural Development, which is based on the co-operation between the Hungarian Academy of Sciences and the Hungarian National Rural Network (HNRN). At the same time, the Centre was the host to six complex research projects. Each of the Institute's departments were leaders of individual projects, and a number of other research institutes of the Academy also participated (within the Centre, the Institute of Economics, and, as part of the network of the Academy, the Centre for Ecological Research, Institute for Soil Sciences and Agricultural Chemistry). The research activities built upon the experiences of the scientific workshops of the Hungarian Academy of Sciences dealing with rural researches, and their proposals served the purpose to scientifically establish the planning

and implementation of the rural development programme for the next planning period, supported by the European Union.

The Centre regards the fact of winning another grant in 2013 within the framework of the academic 'Momentum programme' in the subject matter of 'Firms, strategy and performance' as an important professional achievement. During the first six months of 2013, the team primarily focused on re-considering new issues and processing the preliminary results. The first such area was the analyses of firm markups. The researchers have built a structural model, the analytical forecasts of which are in line with the empirical facts. This research is performed in co-operation with a scholar from the University of California, Davis. The first results were presented at the seminar of the University of Oxford in December 2013. The researchers also investigated the relationship between firm-level markups and productivity on the one hand and the number of products exported and the number of destination countries for export on the other. This may shed light on the extent to which the different markups and productivity levels are the result of self-selection to international markets, and/or the learning process from being active on foreign markets. The other area of research is the examination of the exchange rate pass-through on the basis of detailed firm and international trade data. The results of the research indicate that the Hungarian companies reacted to the changes in exchange rates somewhat less than the companies which are active in foreign countries. The research results may give significant support for the preparation of the monetary and industrial policies.

In harmony with the professional development objectives outlined in the plan of measures plan of the director general, the Centre won renowned foreign researchers to deliver lectures in 2013. The series of international presentations will continue also in 2014. The presentations of exceptional high quality offer a great opportunity not only to acquire new knowledge but also to expand international relations. A further important tool to extend international contacts is the new initiative of the Centre to support the mobility of researchers. Within the framework of this initiative, an in-house tendering process was launched in 2013 to support the participation of young researchers at conferences held abroad. The response to this initiative was positive and a number of young researchers have benefitted from this opportunity.

During the past year, there was a qualitative progress in developing the research infrastructure of the Centre, which culminated in the development of the databank. The funds connected to the previous plan made it possible to conclude an agreement with the Central Statistical Office. This way, researchers shall have access to a number of complete, non-anonym and previously not investigated databases. Up until now, Hungarian researchers did not have access to complete individual and corporate censuses (national census, etc.), and were unable to perform data connections which are indispensable to research and analyse empirical correlations not investigated up until now.

Following the completion of the re-organisation, one more step remained for 2013, i.e to integrate the library of the Institute of World Economics into the library of the Institute of Economics, and the merger of the libraries into a uniform organisational structure. The harmonisation of the library systems and subscriptions serves the purpose of the cost-efficient support of research activities. Wherever it is professionally justified the library shall shift to centralised procurements of journals and books and on-line subscription.

The Centre – after co-ordinations among the directors – elaborated a uniform system of evaluation to assess the activities and the performance of the three institutes. As a next

step a professional committee evaluated the work activities of all the three institutes during the past five year with the help of this system. During the evaluation process the academic performance of the researchers was assessed, and future requirements were also defined.

An Advisory Board was established and convened in 2013. The Board evaluated the annual reports of the Centre and the institutes, together with the five-year assessment of the three institutes-and made proposals on the strategy of the Centre.

The Council of Civil Servants of the Centre was formed in 2013 and held its first meeting. The Council shall upload its documents on the website of the Centre and shall keep contacts with the staff of the Centre this way.