**Asymmetric information and/or bounded rationality: why are consumers protected and from what?**

*János Vincze*

Informing consumers to the fullest possible extent was perhaps the simplest and commonest proposition concerning consumer protection under the traditional theory of asymmetric information. Since it has been demonstrated that firms do not necessarily have adequate incentives to provide that information, the obvious policy conclusion according to the traditional approach leads to the regulation of disclosure of information. Regulators have to decide what the relevant information is. Awareness has developed among behavioural economists of consumers who are rational within bounds, not merely of poorly informed consumers. This change in perspective implies that even cheating or misinforming consumers are ideas susceptible to analysis by economists. Regulatory attention has also been paid to deliberate strategies of making use of cognitive mistakes or “irrational” preferences. However, the new approach exhibits new types of regulatory failures, since regulators are themselves liable to be less than perfectly rational. The study summarizes recent literature on these topics.


*Mária Lackó*

The health status of men of working age in Hungary compares extremely badly with the developed market economies and the neighbouring transition countries. This study, based on data between 1960 and 2004, investigates the health status of the populations of Hungary and Austria by health-production functions on a macro level and makes comparisons between them. The rationale for comparison of these two countries is their proximity and their long shared history. The mortality rate of the working-age population (15–60 years old) is taken as a proxy variable for health status. According to this indicator, the health statuses of the two countries were at the same level in the 1960s, but started to diverge at the beginning of the 1970s. The following variables are considered as explanatory variables for the mortality rate of the working-age population: indicators of life style (consumption of alcohol, smoking, extra work in the “second” and “hidden” economy”), long-term economic development (measured in GDP per capita), health-care resources (relative provision of physicians) and labour-market situation (unemployment rate). The estimates of the health production functions turn out to approximate well to the real-world developments in both countries.
The state in crises—the crisis of states

*László Muraközy*

The crisis in the market for secondary mortgages that spread out from the United States culminated in worldwide recession in 2008. Governments sought to contain the damage with rapid, widespread intervention. Indeed the action taken against the crisis involved state intervention on a scale not seen for a long time, and many countries are exhibiting mounting deficits and rising indebtedness. This study examines the situation, the path of development in which the shock hit budgets and what consequences this may have for public finances. How were the weights of government spending developing in the longer term? What role did these play in the crises? What is “the state in crises” like? The 2008 crisis and its consequences are slotted into this process. Based on that analysis, some conclusions are expressed about the consequences, the “crisis of states”.

Progressive differentiation of schools and classes in the Hungarian school system. The findings of a longitudinal study

*Edit Tóth, Benő Csapó and László Székely*

The internationally unique degree of selectivity in the Hungarian school system and strong differences between schools and classes have been confirmed in numerous international and domestic surveys, and assume a scale that constitutes an efficiency problem. The Szeged University Hungarian Educational Longitudinal Program (HELP) presents these differences over time, based on measurements of knowledge, ability and attitude among a national representative sample. The program began in 2003 with three cohorts in the first, fifth and ninth grades at that time. After four years, there is now available in three longitudinal cross-sections data on all twelve grades of Hungarian school education. The findings confirm the earlier observation that the differences between schools and classes tend to increase as a function of the number of years spent in school.