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Some Economic Policy Aspects of Social Inclusion

THESES

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1. Research objectives

1.1. Background and relevance of the topic

Hungarian public education and training is going through a significant transformation since the beginning of 2012. The direction of the change is set in the Act “on National Public Education” (2011/CXC.) and in the Act “on Vocational Training” (2011/CLXXXVII.).

The preliminaries to these changes are that the Hungarian public education and vocational training has been facing enormous challenges in the recent two decades, which it could not meet or could meet only partially. The challenge we found the most important, and thus we chose for thorough analysis, is the challenge of social inclusion, i.e. handling underprivileged ethnical groups to close the achievement gap in education and employment. The ratio of Roma pupils in the primary school was 5.5% in 1970, while 6.6% in 1990, and then this ratio doubled in the last two decades up to 13.3% in 2008 (Papp Z., 2011). Out of the total 2721 school-settlements, 263 was considered as ghetto-settlement¹, which is 9.7% of the total, while the number of those school-settlements where ratio of Roma was above 10% was 1167 which is 42.9% of total school-settlements.

The challenge related to disadvantaged and cumulatively disadvantaged groups² (i.e. underprivileged groups) is bipartite within in the public education system. From the one hand the current public educational system is not able to create even chances for those coming from deep poverty, and on the other hand it does not have effective answers to challenges stemming from cultural differences. Based on expert guesstimates 80% of Roma pupils live in deep poverty, i.e. is regarded as disadvantaged or cumulatively disadvantaged (Kemény 2003). Regarding cultural differences, these underprivileged families use different vocabulary at home from what is expected as minimum criteria by the entrance of the public school system (Kemény – Janky 2004). The unpreparedness of

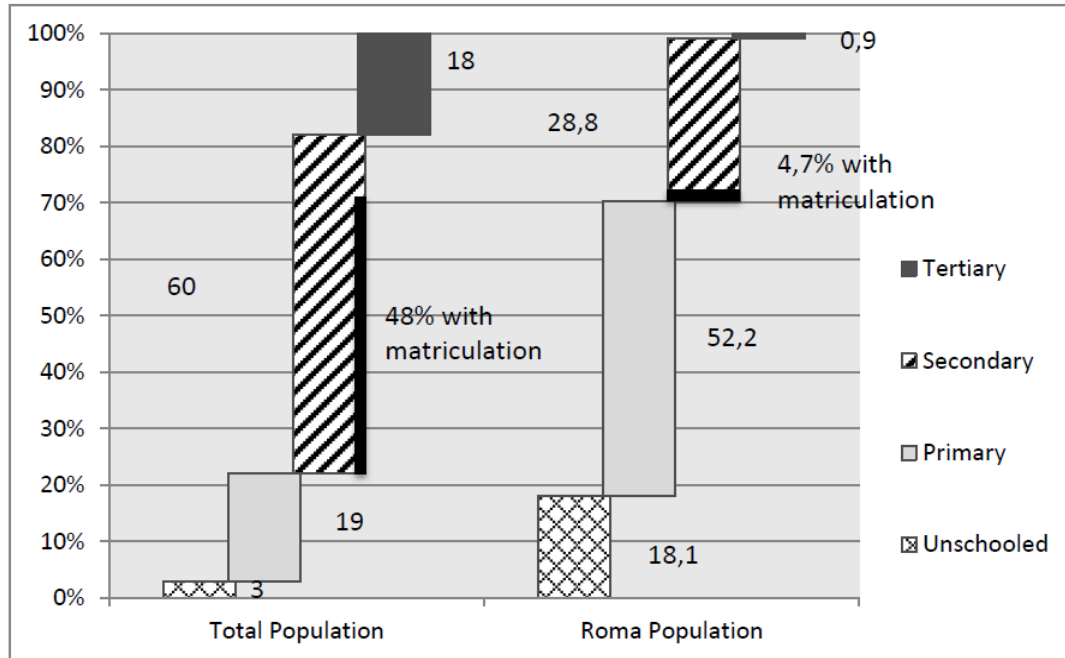
¹ Every settlement where the number of Roma is above 50% is considered as ghetto-settlement (Papp Z., 2011)

² Based on the Act on Public Education (1993/LXXIX.) a pupil is considered *disadvantaged* whose entitlement for child protection benefit was appointed by the notary; within this group a pupil is considered *cumulatively disadvantaged* when her/his parents' highest educational attainment is primary school or the pupil is in permanent public nurturing.

the public education system is best symbolized by the difference in qualifications within total and Roma population (Figure 1).

Figure 1: Percentage of qualifications within total and Roma population

(Sources: Education at a Glance (2010); BCE (2011))



The consequence, which is partially also the origin of the problem, is the low employment and poor living circumstances of Roma. One and a half million workplaces ceased during the economic transition in Hungary between 1990 and 1992 (30% of total workplaces and 55% of Roma workplaces) (Kemény – Janky 2004). These workplaces have not been replaced since then; employment has risen only by around one hundred thousand since the economic transition. Kertesi and Kézdi examined the employment gap between Roma and non-Roma in Hungary and concluded that approximately one-third of the 0.4 gap can be explained by the lower education of Roma (Kertesi – Kézdi 2011b).

Based on some of the predictions in case of unchanging major population variables Hungary's current population of 10 million will shrink to 6.5-7 million by 2050, and by then one third of the total population, and half of the active aged population will be Roma (Pokol 2010, Hablicsek 1999). Based on the most recent and most pessimistic prediction Hungary's population will reach the 7 million by 2060, while the most

probable scenario predicts 8 million (Demográfiai portré 2012). Employment rate of active aged Roma based on the most recent statistics is 22% (MC 2011). **In case the 40% employment gap between Roma and non-Roma prevails in long term, this scenario would be coupled with unpredictable economic and societal consequences. To avoid these consequences and to find effective solutions to this very special matter is the major research goal of the present research.**

From the first approach the challenge seems to be found in the terrain of education policy, however the contours of a complex strategic economic policy problem are delineating through the research. The challenge involves besides education and training, issues like employment and in general our beliefs and ideas on social coexistence. **The challenge implicitly involves a theoretical economic policy problem: based on results (integration efforts, achievement gap closing efforts) since the economic transition, we cannot solve the problem of eliminating social inequality within the current and exemplary theoretical framework. Thus we make an attempt in this dissertation to draw up an alternative economic policy concept which can successfully help the underprivileged groups of the society in their efforts of closing the achievement gap, based on both local and international evidences.**

The immediate economic policy relevance of the dissertation is that the **government of Hungary intends to invest HUF 200-240 billion into the efforts of Roma achievement gap closing efforts between 2012-2014 and** financed mostly from EU sources. The amount makes up to 0.35-0.4% of Hungarian GDP per annum. Besides this program, Roma integration will likely remain a current issue in the 2014-2020 EU budget period based on the above mentioned educational attainment and employment statistics. The efficient and effective allocation of national and European budgetary resources is a highly important economic policy task.

1.2. Introduction of research objectives

In the first logical section we introduce the most important challenges which the Hungarian public education and vocational training is currently facing. These challenges will be grouped whether they stem from internal decisions and processes of the educational system, or arise outside of the system and originated in the society or

economy. We label the former as endogenous, while the latter as exogenous challenges, and draw a problem map on the connections between these challenges.

After challenges identified, we select the most important problem area. In our case it is closing the achievement gap between Roma and non-Roma and decreasing systemic inequalities.

In the second logical section we introduce Roma demographics, the integration efforts since the 1960s and employment statistics.

In the third logical section we introduce the relevant achievement gap closing efforts with their results which have been implemented in the Hungarian educational system in the recent two decades.

In the fourth section we introduce the process of solving the so-called ‘Malay Problem’ in Singapore. Based on secondary research we chose Singapore as the country where effective and successful answers were given in the last three decades (1980-2011) to a similar phenomenon that Hungary is currently facing. Successfulness is measured by development in educational attainment, which correlates with employment and income status of members within underprivileged minority groups. Through previous researches we had the chance to thoroughly examine Singapore’s economic policy and development policy strategy. Even consultations with local experts played an important role in grounding our findings. A number of our scientific publications are related to the analysis of Singapore’s economic policy strategy (scientific publication, course book chapters and conference presentations). In the fourth section we give a thorough analysis of the Singaporean social inclusion efforts and mention the relevant Hungarian initiatives.

2. Research methodology

The challenges, which Hungarian public education and vocational training system is facing, are introduced in an international comparison. We develop further the analysis of the authors Polónyi and Tímár (2005) based on OECD’s Education at a Glance 2011 statistics, Eurostat statistics and related Hungarian and international references.

Results are evaluated within the framework of McKinsey’s (2007) key success factors. We examine the extent to which the Hungarian public education system meets these three criteria: “(1) getting the right people to become teachers (2) developing them

into effective instructors and (3) ensuring that the system is able to deliver the best possible instruction for every child” (McKinsey 2007, p. 5).

When formulating our conclusions and recommendations besides the above mentioned references we rely on our field researches, as well. I.e.: we rely on field research introducing Tagore-school of Ózd and experience gathered through our visit to IV. Béla Primary School in Hejőkeresztúr as primary source of information. Our field researches and case studies are non-representative based on high numbers, but are good complements of existing references. Tagore-school was one of the first achievement gap closing school efforts in the Hungarian countryside. Its partial successes and the circumstances of its closure are giving an expressive view on the challenges emerging through the achievement gap closing efforts. Implementation of the University of Stanford based Complex Instruction Methodology (CI) in Hejőkeresztúr is the first successful and measurable systemic effort within the Hungarian public educational system, which can be reproduced on the systemic level.

Through the introduction of the relevant features of Singaporean public education system, the ‘Malay Problem’, and the answers given on this particular challenge, we rely on secondary sources.

3. Hypothesis and scientific results

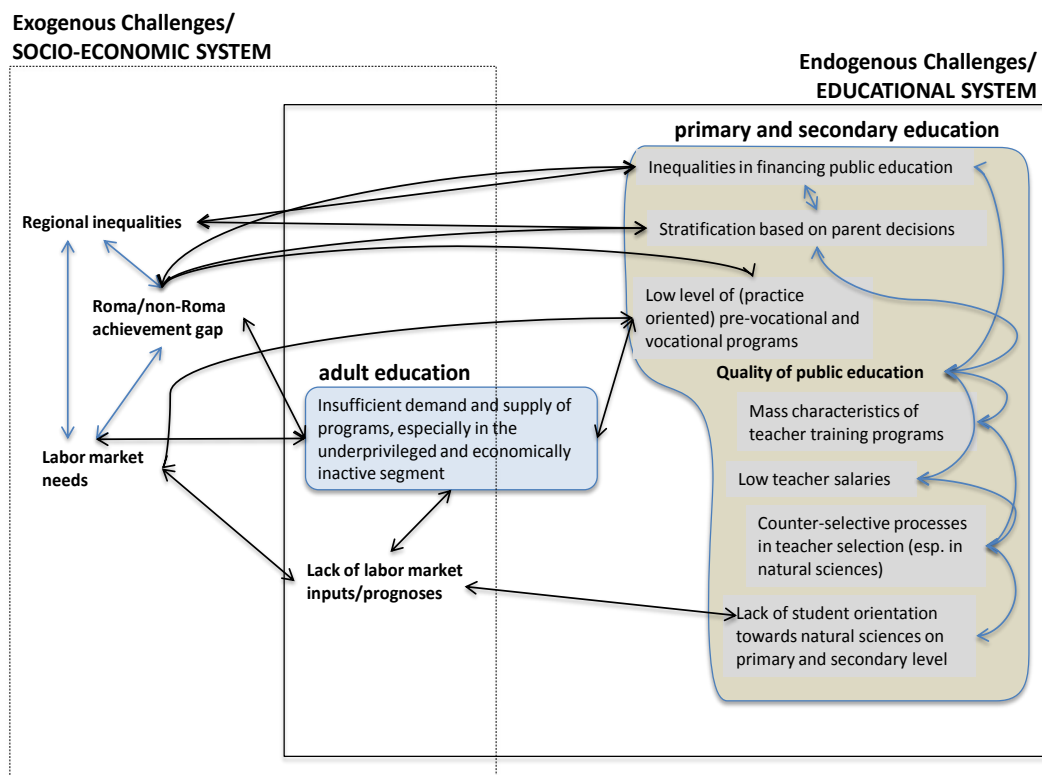
3.1. The problem map of the Hungarian public education system, endogenous and exogenous challenges – 1. thesis

We draw a problem map of Hungarian public education system based on literature and international statistics. This is the first problem map representing the challenges grouped as exogenous challenges, which stem from the specific characteristics and demands of the Hungarian socio-economic system, and endogenous challenges, which stem from the flaws of the Hungarian public educational system (Figure 2). After challenges identified, we selected the most important problem area as follows:

The greatest exogenous challenge of Hungarian public education is the challenge stemming from Roma/non-Roma achievement gap. The causes of this achievement gap can be traced back to the following factors: Roma mostly live in

underprivileged areas concerning employment as exogenous factor; inequalities in financing of public education system, downsizing vocational training opportunities and deficiency of adult education as endogenous factors. These factors correlate with the adaptation incapability of Roma on the employment market.³ The connections between these factors are shown on the problem map of the Hungarian public education system.

Figure 2: The problem map of the Hungarian public education system



3.2. Concept of double-looped-vicious-circle – 2. thesis

Based on the analysis of Singapore’s public education system and the process of solving the ‘Malay Problem’, as well as related literature concerning Hungarian social inclusion, plus field researches, we found that poverty – school segregation – labour market discrimination – exclusion – poverty is only one loop of the vicious circle reproducing poverty. The other loop is separation and not recognising those attitudes and

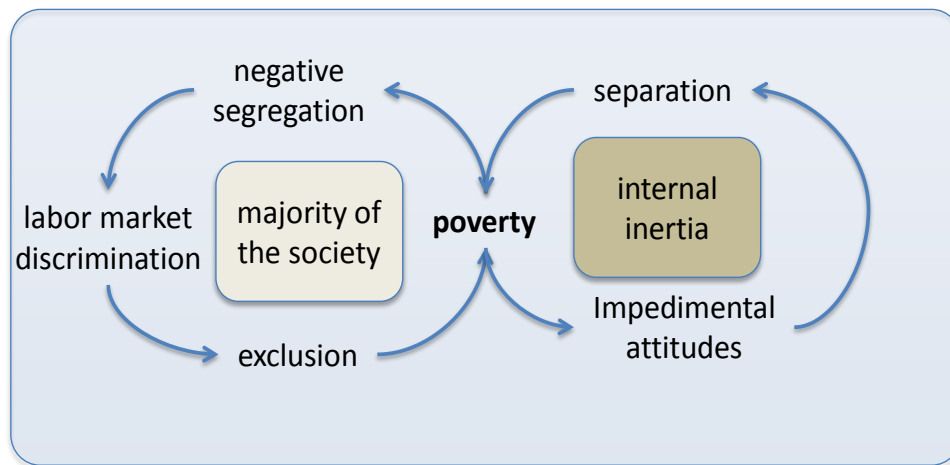
³ Supported by publication: P1

patterns that hinder some of the underprivileged Roma communities to become successful members of the society and the economy (this is called internal inertia).

Our conclusion is that helping underprivileged ethnic groups to close the achievement gap is only possible through the simultaneous handling of the two ‘circles’ that hinder underprivileged ethnic groups.⁴

The scheme of double-looped-vicious-circle is presented on Figure 3.

Figure 3: double-looped-vicious-circle



3.3. On the inadequacy of Roma self-help groups in Hungary – 3. thesis

Comparing Malay communities’ answers to the so-called ‘Malay Problem’ and Hungarian Roma’s efforts on social inclusion **we conclude that the unsuccessfulness of Hungarian social inclusion efforts stem mostly from the fact that these efforts bypass the internal inertia of underprivileged communities.⁵**

3.4. Positive segregation and integration, as two non-excluding methods to help the social inclusion of underprivileged ethnic groups – 4. thesis

We concluded based on the introduction of distinctive features of Singaporean public education system and our field researches **that positive segregation and**

⁴ Supported by publication: P1

⁵ Supported by publication: P2

integration have to be applied simultaneously according to the defined boundary conditions laid down in 4a. and 4b. theses.⁶

3.4.1. Positive segregation – 4a. thesis

Based on the positive segregation experience in Singapore, difference in performance of ethnical groups can be decreased by positive segregation, while each groups performance is improving, and the worst performing groups' results improve the most, if

- segregation is based exclusively on school performance/aptitude and the system is designed to provide pervasiveness between different streams/segregated groups; and
- segregated groups are taught based on curriculum designed to their aptitude; and
- disadvantaged and cumulatively disadvantaged children receive help from self-help organizations run by their communities.

3.4.2. Integration – 4b. thesis

Achievement gap can be narrowed within integrated educational framework with group work methodology, if

- group work is applied in 10-20% of the classes; and
- groups are heterogeneous; and
- group exercises are open-ended; and
- group members receive personalised assignments based on group exercise.

4. Utilization of the results and possibilities for further research

The Complex Instruction methodology applied at the primary school of Hejökerezstúr offers a systemic-level, cost-effective solution to integration challenges within the frames of public education. We created a policy-recommendation and a cost calculation on the implementation of CI through the Hungarian public education system.

⁶ Supported by publication: P1

The CI was launched in ten primary schools within the frames of H2O program since 2011 September. We already incorporated into our policy-recommendation the lessons learnt from this programme enlargement; however continuous tracking and analysis of program implementation is inevitable for future expansion.

Lessons learnt from Malay self-help groups are already utilizable at this stage of sophistication as well in the Hungarian Roma Action Plan 2012-14. However more accurate understanding of these programs and creation of conditions for implementation require further investigation and thorough field research on the spot.

Positive segregation model of Singapore also needs further research in order to identify the key success factors of a possible implementation in Hungary.

5. Publications

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- P2. György László, Sebestyén Dóra (2012): Solving the 'Malay Problem' in Singapore. Lesson for Hungary: focus on change in attitude, *Periodica Polytechnica* (Accepted/közlésre elfogadva: 2012. október 8.)

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