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**ETHNICITY VERSUS COUNTRY EFFECT IN DETERMINING MARKET
ATTITUDES: THE CASE OF HUNGARIANS**

Pál CZEGLÉDI*

University of Debrecen, Hungary

Abstract. Are market friendly views determined culturally? Answering this question is an important step in understanding economic development. The paper focuses on Hungary and Hungarians because the fact that substantial Hungarian minorities live in countries neighbouring Hungary gives us the possibility to examine the role of the country of residence as opposed to the role of ethnicity in determining the extent to which a person has a more or less positive view on the market economy. Following the literature on economic growth, which sees ethnicity as a proxy for common culture, this paper uses data that can be found in different waves of the World Values Survey, and applies different theories of market friendly attitudes to identify possible determinants of the strength of such views, other than culture. The example of Hungarians shows that the country one lives in is more important than ethnicity in determining whether one's views on the market are more or less positive, and the country one lives in is important even if several other determinants of pro-market views are accounted for.¹

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* Corresponding author. Address: Böszörményi St. 138, 4032 Debrecen, Hungary. Tel.: 0036-52-526-954, E-mail: czeglédi.pal@econ.unideb.hu