

ABSTRACTS OF THE ARTICLES

Employment and educational attainment in Hungary

Gábor Kertesi and Júlia Varga

The study looks at reasons behind the low employment level in Hungary that have to do with educational attainment. The starting point is an international comparison of the educational-attainment structure of the population. The comparison is impeded by uncertainties about how to classify certain levels in the Hungarian school system. There are strong substantive reasons for saying that a qualification from a skilled-worker or vocational school should be placed in a category lower than the upper secondary level. If that classification is applied, the educational attainment of Hungary's population in 2001 fell significantly short of the average for the EU countries, despite the large-scale expansion of education in the 1990s. The still high proportion of ill-educated can be attributed mainly to a break in the mid-1980s in a long-term trend: the proportion of each cohort attaining a very low level of schooling had been falling steadily since the beginning of the 1970s. The expansion of schooling stopped short at the poor strata. Most of the shortfall in employment derives from the problems with employing labour with low educational attainment: there are too many of them compared with the EU average and they are less employable. Finally, the study draws on earlier evidence and some new arguments to dispel concerns that the excessive education is being provided in Hungary in secondary schools offering a school-leaving certificate and in higher education.

The effect of asymmetry among networks on the provision charges of mobile telephone services

Viktória Kocsis

The article analyses mobile telecommunications and the asymmetric market for two-way access characteristic of it, with the aid of market-structure models. It examines whether the cost-based provision charges prescribed in the regulations offer a desirable solution in welfare terms, and if so, under what conditions. Augmenting the models in literature of the late 1990s that assumed a symmetrical market with consumer loyalty and the differing cost structures of providers, the author concludes that neither equilibrium profit of providers nor welfare is independent of the provision charges, regardless of what price structures are used. From the provider's point of view, the provision charges can offer scope for collusion. From the consumer-surplus point of view, charges higher than the provision costs are more favourable in situations closer to market entry, while in a mature market, cost-based or lower charges are more favourable.

Introduction of the Budapest Liquidity Measure

Gábor Kutas and Richárd Végh

Today's capital markets are characterized by concentration and sharper competition for issuers, trading participants, and liquidity. All trading platforms wish to accommodate the needs of market players, for ultimate efficiency and limitless flexibility. This enhances significantly the importance of measures that assist objective comparison of exchanges and markets. To serve this goal, the authors have created the Budapest Liquidity Measure (BLM), an indicator to show the main parameter of market efficiency: liquidity. The liquidity of a market determines the implicit cost of transactions; higher liquidity implies lower transaction costs. The paper introduces the structure and methodology of the BLM and compares it with other published liquidity-measure models. The authors have been measuring liquidity since October 2004 on their domestic market (7 stocks and a future contract for the BUX index), on the London Stock Exchange (GDRs for four Hungarian stocks), and on the Warsaw Stock Exchange (two dual-listed Hungarian stocks), based on public Reuters order-book data. Thereby, the securities' primary and secondary listings become comparable, which may help institutional investors to select the most efficient market for order execution. The BLM expresses the implicit costs of transactions in basis points. It may also give valuable information for issuers on the effectiveness and on the added value of their secondary listings. The empirical findings prove that implicit transaction costs in the instruments concerned are much lower in Budapest than on the secondary-listing markets, as the authors demonstrate in the paper using various calculation examples. The author's methodology has been employed by the Budapest Stock Exchange to calculate the Budapest Liquidity Measure.

Are we on the right track? Hungary's Euro strategy

Péter Mihályi

Hungary seeks to demonstrate its credibility and fulfil the Maastricht criteria with gradual fiscal consolidation, a flexible system of exchange rates, and adherence to inflation targets. This is ill-advised, as it conceals the fluctuations in all four indicators. Credibility was lost around 2001 and situation with the four nominal convergence criteria is worse than it was in 2005. The strategy followed for four years is not suited to restoring credibility or ultimately to meeting the nominal convergence criteria either. The conflict between the government and central bank is an effect, rather than a cause of the course followed for four years becoming impossible. Credibility can only be regained now by turning to a currency-board system. Freedom of economy policy has been reduced to deciding when to schedule this. The study does not attempt to examine systematically the political, legal and institutional conditions for introducing a currency board. The alternative of speeding up spontaneous introduction of the Euro is a less favourable course.

The pension system and game theory. Remarks on the article by József Mészáros

András Gömöri

József Mészáros makes some statements about the pension system (and partly the political system) in the second part of his *Közgazdasági Szemle* article 'Social-insurance pension systems as public goods', based on a conceptual apparatus and assumptions pre-

sented in the first part of the article. The apparatus presented is inaccurate in some places and erroneous in others. The main contentions based on this (apart from being likewise inaccurate) are connected to the mathematical apparatus and the theses not by aimed proofs but by vague (although not necessarily erroneous) associations. My remarks refer to the apparatus mentioned and to the associated contentions about the pension system, not to the content of those contentions.

Operative competitiveness and the forces driving it in the Hungarian meat industry

József Tóth

The author of the study presents the scope for applying a new non-parametric procedure (OCRA). The seemingly chronic problems of efficiency and competitiveness in the meat industry make it especially worth analysing at length with the new tool the concept of operative competitiveness, the position of the branch within the food industry, and the forces driving competitiveness within the meat-industry corporations.

Simultaneous accountability and connection systems in the operation of non-profit organizations

Mónika Molnár and Ferenc Farkas

The first part of the article reviews the background to an international debate taking place for more than a decade, over various approaches to the accountability of non-profit organizations. This has shed specific light on the dichotomy between the principal-agent theory and the withdrawal-protest phenomenon. The second part of the article explores the connection system of non-profit accountability and analyses the participants in it.