

What is a supply-oriented economic policy good for?

Ádám Török

In the last two or three years the notion of supply-oriented economic policy has been frequently voiced in the Hungarian debates about economic policy, yet without an exact clarification of the contents of the term. Many experts speak about the supply-oriented school as the antonym of restriction or of monetarist economic policy mistakenly identified with it. But this view does not hold water. With an analysis of the notion, theoretical roots and earlier foreign examples of a supply-oriented economic policy the author intends to provide help for a clarification of the use and contents of the term in the Hungarian debates about economic policy alternatives.

Housing subsidies and social redistribution

Zsuzsa Dániel

Prior to the change of the political system the Hungarian public was dissatisfied with the housing policy. Retrospectively, the verdict seems to have changed in the last few years. The public has become much more indulgent towards the earlier concerns and troubles. At the same time, it experiences the new ones intensively and sufferingly. Many attribute the new difficulties almost exclusively to the new conditions dictated by market economy, nostalgically remembering the cheap dwelling provided by the “caring state” at least for some citizens, and wishing to have back the earlier system of subsidies, of housing distribution deemed to be “more egalitarian” and “more equitable”.

The author challenges this nostalgic feeling. Analysing the past and the present systems of subsidies, she attempts to separate the troubles inherited from the past from the newly made mistakes.

Theoretical background of some practical problems: The EMU at work

Mrs. Hajna Lőrinc-Istvánffy

The debate about the pros and cons of the EMU plan is still going on. There are new questions which are not easy to answer. Although no one could give a definitive answer concerning the participants of the EMU, evidently some countries will not be able to join the “Union” in the first round. How could the relationship between “ins” and “outs” or “pre-ins” be regulated, what special mechanisms are to be elaborated and run after 2002? What kind of macroeconomic policy could the non-EMU members implement if they are assumed to participate in the

scheduled exchange rate mechanism, in ERM II? The budget stands in the focus, both the national and the common one. The final conclusion of the authoress is that the budget cannot be considered as an economic target, maintaining its balance by all means, but rather as a traditional and very useful instrument supporting economic policy. Some fiscal discipline is nevertheless substantial.

Hungarian-Russian trade between 1992–1996 as reflected by the economic performances of the two countries

Sándor Réthi

Commodity trade between Hungary and Russia became stabilized in the years between 1992–1996 around the value of annually USD 2.4–2.7 bn. At the same time, the tendencies having a negative impact on the Hungarian economy became more pronounced. Hungarian exports continually diminished while imports kept increasing every year. As a result, the balance of commodity trade has become one of the most serious problems in the economic and political relations between the two countries.

New tendencies in the Japanese research and development

Gábor Bakos

Economic growth has slowed down in Japan, industry has started to emigrate and, with it, also the resettlement of R & D abroad has started, while the international competitiveness of research is also deteriorating. In the new state of “mature” development R & D is expected to accelerate development and to provide security and welfare for citizens. For the time being, the R & D data do not reflect any substantial change: under the impact of recession the earlier fast growth of research outlays has halted and, because of the expected slow growth until the turn of the millennium, stagnation might get protracted. The government, however, continues to increase research inputs in spite of the narrowing budget resources, because it considers this to be a pledge of the future. Beyond this, it helps the inflow of research results into production by making cooperation more flexible between the state research institutions and the private sector.