

SUMMARY OF THE ARTICLES

Regional unemployment and wages in the years of transition. Changes in the wage structure in Hungary. Part II.

Gábor Kertesi – János Köllő

The first part of the series of articles (in the July – August 1997 issue of this periodical) analysed the changes in the level and distribution of real wages as well as the most important changes in proportions between 1986 – 1996. The second part examines more thoroughly the development of regional differences in earnings that may be attributed to unemployment between 1989 – 1995.

Transformation of the financing system of the state budget and the curbing of inflation. Part I: Hungary's experiences in the period of transition to market economy.

Gyula Barabás – István Hamecz – Judit Neményi

The article, consisting of two parts, investigates the impact of one of the determining elements of transition to market economy in Hungary: the introduction of budget financing through marketable government securities. The study relies on the data of the period 1986 – 1997. To reveal the mutual determination of state debt, external and internal (dis)equilibrium as well as inflation, the authors first analyse the finance demands of public finance and then the structural changes in financing. The constraints following from indebtedness are investigated by means of a comparative analysis of the various indicators of budget deficit (those computed from the aspect of cash flow and from that of result) as well as on the basis of the so-called operational deficit (computed with interest cleaned from inflationary effects) and its financing. It presents the changes in the structure of financing (seigniorage-debts, forint-foreign exchange).

The authors introduce the category of extended consolidated (gross and net) state debt, which takes into account all market interest bearing debts and claims of the budget and the National Bank of Hungary. This indicator is not sensitive to institutional changes having occurred in financing in the period examined and thus with its help it became possible to analyse the past eleven years through a unified approach, to present the tendencies and dynamic interrelations characterizing the indebtedness. The placing of the system of budget financing on market basis has not increased the burdens of the budget (including the costs of indebtedness) it has merely made them verifiable by separating the monetary and fiscal functions from each other, by increasing transparency.

Privatization end game*Éva Voszka*

Until autumn 1997 the year was proclaimed to be the concluding year of privatization. The State and Privatization Trust Company Ltd. (ÁPV Rt.) was industriously preparing to outline the necessary legal and institutional changes and to implement them. Though implementation did not follow until spring 1998, before the parliamentary elections, yet the decision makers succeeded in escaping two traps set by the election cycle. One was the slowing down of campaign-like privatization and its ending when sizable, in principle saleable property still was in the portfolio of ÁPV Rt. The second would have been the wide use of distribution methods and the sellout of the remaining state property in the interest of acceleration. Although some elements of the latter trend showed up even in 1997, enriching the anyway lively story with new solutions even in the last phase, the current year was characterized by sales, in several cases by high prices and thus by revenues significantly exceeding the plans. The analysis sets out from this point, not as if the authoress held it the only or even the most important success criterion of privatization, but merely because of the logic of exposition: the presentation of summary data provides the framework for the presentation of the processes behind them.

The new Hungarian pension system and its problems*András Simonovits*

On January 1, 1998 a new, three-pillar pension system was introduced in Hungary. It will replace about a 1/4 of the existing unfunded public system by a funded private system from 2013. This transition is obligatory for people entering the labour market after June 30, 1998 and optional for others. Meanwhile the public pillar is also being reformed. Pensionable age is increasing significantly but smoothly, wage indexation is replaced by a combined wage-price indexation and the link between earnings and benefits will be adjusted between 2009-2013.

The official view is that it is this reform package which will make the Hungarian pension system sustainable in the long run and will contribute to the development of capital markets. The critics of the reforms, including the author, underline several remaining and new problems: the public pillar retains its weak points until 2013, the consolidated balance may deteriorate rather than improve under the partial privatization, and the welfare of the elderly population will be relatively lower because of the decreased security.

Optimum currency areas, economic similarity and integration. The European case.*Gábor Békés*

The European monetary unification process, the German reunification and the break-up of federal entities in Eastern Europe have all given a new impetus to the research of exchange rate regimes. The theory of optimum currency areas, the rejuvenation of which has also been triggered by important developments in macroeconomic theory has therefore become once again a centrepiece of international monetary economics. Strenuous efforts have been made to study the theory's basic question: Under what circumstances does the abolition of exchange rates have a beneficial effect on the participants' economy?

The paper focuses on the influence of economic similarity and integration of the regions that plan to form a currency union. It deals with the question in various fields including economic preferences, inflation, foreign trade, production structure, factor mobility and fiscal policy. It brings together numerous theories from international trade and finance to assess the consequences of integration and similarities and also compares theory and evidence from the European integration.

Contribution to the theoretical activity of Farkas Heller

Antal Mátyás

Farkas Heller was a representative in Hungary of the Austrian school, but he was striving to fit such elements into his theoretical system which already pointed beyond the Austrian school. In fact, his attention also extended to phenomena neglected by the representatives of traditional economics and thus remained outside the scope of theoretical economics. Such were, among other things, the role of institutions in the economy, and the historical course of economic processes. Since an adequate theoretical framework was missing, he relegated the treatment of the latter into the scope of applied economics, thus spreading the framework of the latter. He raised such problems which modern economics has only recently started to tackle.

The role of wage labour in the world economy and in Hungary

Katalin Antalóczy – Magdolna Sass

First the role of wage labour in the world economy, the motivation of employers and wage workers are surveyed. Then the characteristics of the international regulation environment and the problems of statistical observation are discussed in some detail. Relying on the international professional literature they examine the experiences of the traditional big economies based on wage labour. The wage labour relations of Hungary are first examined with the aid of statistical data and then the numerical presentation is complemented with information deriving from empirical surveys.

On redistribution

András Bródy

The sum of government levies exceeds in Hungary the total wage fund. It has become timely to assess the role of taxes in price formation. According to the analysis the Hungarian tax system distorts the wage/price ratio and causes lasting unemployment. The taxes do not attenuate inequalities, do not aid the helpless, but they had become an instrument of accumulation for the rich. The taxes are not sector-neutral, they change the fundamental ratios of the economy and mislead every kind of economic analysis.

Az Európa Fórum 1998. 2. számának tartalma

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