

SUMMARY OF THE ARTICLES

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

Gyula Barabás – István Hamecz – Judit Neményi

In the second part of their article the authors analyse the factors determining the rate of indebtedness (state debt/GDP) and then sum up their basic conclusions for a future fiscal policy. The implicit real interests of the state debt (which differ from the directly observable interest at any time) throughout exceeded the growth rate, which caused a continuous rise of the rate of indebtedness. This effect became moderated by the surplus attained in the primary balance of the budget only from 1995 on. But the most important moderating element of the rate of indebtedness was the utilization of revenues from privatisation for the amortisation of state debts. Creation of the conditions for sustainable growth and the continuousness of closing up with the developed countries demand a further moderation of state debt. In the medium term this seems to be attainable by a continuous reduction of the deficit of the state budget relative to the GDP and with a structural surplus of 1.5-2% in the primary balance. At the same time, also the viewpoints of sustainability, the efforts at moderating inflation and the fact that the extraordinary sources of financing – e.g. the revenues from privatization – will get exhausted in the near future are to be taken into account.

A theoretical framework for the Hungarian exchange rate system

András Mikolasek

The study seeks an answer to the question how the analytical framework worked out in the nineties for investigating the bracketed systems of exchange rates can be applied, if it is intended to take into account also the crawling-peg devaluation of the currency characterizing the current Hungarian practice. The author shows how the theses formulated in connection with the bracketed systems of exchange rates become modified in this case. Beyond that, the author illustrates the application of the analytical instrument with some examples.

Some viewpoints for working out the balance of advantages and disadvantages of Hungary's accession to the EU

Péter Balázs

Integration is a complex process permeating almost every sphere of economy and society, thus also its measurement is an extremely compounded task. Even in the course of four

decades of integration development in Western Europe no reliable and generally accepted methodology has been developed for the quantification of advantages and disadvantages from integration. The study reviews the most important processes and effects representing the biggest weight in assessing the costs and benefits of accession to the integration. The author groups the effects of integration by time horizon and scope of impact, showing the main sources of conflict in the course of negotiations about accession as well as the factors determining the position of the negotiating partners.

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.

Industrial investments in the transforming countries (The results of an empirical survey)

Miklós Szanyi

The empirical survey on which the study relies set out from the assumption that the changes in investment activity in the transforming countries, the growth of enterprise investments are good indicators of the beginning of massive strategic adjustment. The author analyses the statistical data on investment activity in four countries (Poland, the Czech Republic, Hungary, and the eastern provinces of Germany), as well as the results of questionnaires filled in by more than a thousand firms in the examined countries. The hypothesis that a break-through had occurred in enterprise modernization and investments between 1992-1995 was not confirmed by either the macrostatistical indicators or the empirical survey.