

### **The political economy of agrarian policy. Part II: Explanation of the agrarian policies**

*Imre Fertő*

The study shows how the findings of the new political economy can be applied in understanding the agrarian policies. Through the most important stylized facts related to the characteristics of agrarian policies, deriving from analyses of agrarian protectionism, the author reviews the diverse theories. According to these analyses the ratio of expenditures on foodstuffs in the household budgets of consumers, the size and spatial extension of pressure groups, the relative income position prior to the introduction of the agrarian policy, the dead-weight losses deriving from the programmes, the (importer or exporter) status of trade in agricultural products of the country in question, are all important determinants of the characteristic features of agrarian policy. Yet, the empirical analyses have found too many exceptions and several phenomena are still waiting for an explanation. At the same time, we do not yet possess a theory that would be able to comprise the diverse experiences in a unity.

### **Has privatization been successful? (Hungarian experiences 1990–1997)**

*Márton Tardos*

The article seeks on the one hand an answer to the question why privatization had to be carried out in Hungary in a hasty, campaign-like manner and, on the other hand, what the main problems were which those exercising political power had to face in the almost full decade and, finally, what the results and deficiencies related to privatization are of which the central organizations have to render account. The study does not intend to replace a detailed and thorough analysis, it merely raises questions and makes an attempt at shaping the main line of the answers.

### **Ten years of the tax reform**

*István Gergely*

It was ten years ago that the tax reform entered into force with January 1st, 1988. It reintroduced in Hungary the kinds of taxes accustomed to in market economies. On the occasion of this round anniversary the study reviews the principles, impacts, operation and functional disturbances of the Hungarian tax system. The study attempts to equally highlight the requirements to be raised towards tax policy and the quantified effects of our tax system. It discusses the taxes of private persons and enterprises, reviews the experiences related to the introduction of the value added tax and the deficiencies of tax administration and, finally, formulates some proposals for a further improvement of tax policy and the tax system.

**Creativity and enterprise (Investigations in the wake of Schumpeter)***Judit Rimler*

Is enterprising a creative process and are entrepreneurs creative personalities? These are the two most important questions to which the study seeks answers and that in a manner that it *first* examines what the related branches of knowledge, first of all evolutionary biology and psychology are teaching about the creative process, creation, the creative personality, as well as about the environment in which creation takes place. *Secondly*, it sums up the most important message of the modern theory of enterprising, developed in the wake of Schumpeter, about enterprises and entrepreneurs and, *thirdly*, it compares with each other the former two systems of statements and requirements. The comparison has unequivocally brought the result, for long emphasized by the theory of enterprising but hardly acknowledged by general economic theory, to wit: a) also the work performed in the economy can be a creative activity, b) creative approach is an outspoken basic condition of successful enterprising and c) entrepreneurs are important actors of economic development not only in the era of classical capitalism but also in our days.

**“Hopeless workers” in the developed market economies***István R. Gábor*

The author reviews the principles and experiences of the statistical observation of so-called hopeless workers in market economies - of those without jobs who resigned to the blank prospect of not finding a job - the theoretical interpretation of those having lost their hope as well as the international experiences with hopelessness. It turns out from the review that the statistical criteria of hopelessness are much less mature and standardized than the criteria of unemployment. In addition, their theoretical foundation is questionable, nor can it be supported by facts that those qualified as hopeless on the basis of these criteria are indeed much more linked to the labour market than other inactive economic groups are.

**Coexisting generations, intergenerational transfers, game theory***Miklós Szabó*

The author intends to present some essential models from the literature on rents (pensions) which were of fundamental importance from the viewpoint of the history of theory and highlight the most important properties and deficiencies of the pay-as-you-go systems. This family of models is frequently mentioned as the intergenerational transfer approach. The basic Samuelson model is discussed in some detail, as many refer to it, although with different motives. The Samuelson - Lerner debate was highly instructive which, in addition to bringing to the surface some deficiencies of the original model, also raised questions of greater portent (justice, the relationship between economics and mathematics etc.). After the analysis of the, in some sense, optimal systems the author presents descriptive, positive approaches to the subject, with particular reference to the concept outlined by Greene. The third, concluding, part of the study attempts to outline a game theory approach to the family of models of coexisting generations, accompanied by some comments on the present reform of the pension system in Hungary.