

THE EFFECT OF DIRECT INVESTMENT ON HUNGARY'S GROSS NATIONAL INCOME

András Balatoni and Mónika Pitz

The study examines the contribution of foreign direct investment to the Hungarian economy. After noting the weight of foreign-owned companies in investment, employment, exports, imports and GDP, the study presents the effect of such FDI on gross national income (GNI), and compares that to alternative flows of finance. Over the last 15 years, FDI inflows have been responsible for 0.69–0.89 percentage points of an annual average GDP growth of 2.3 per cent. However, the authors calculate that the implicit interest rate of the FDI was higher than that of the alternative financial flows. The study concludes that the net effect of FDI inflows on GNI is positive: if the flow of direct investment had been in loans or portfolio investment instead, GNI would have been 6–14 per cent lower in 2009. Enhancement of the positive effect of FDI calls for increasing the capacity for its absorption, which is a function of human capital, physical and financial infrastructure, macroeconomic stability, and the institutional system.

THE ECONOMICS OF TUITION FEES

András Semjén

The survey focuses on the vast US economic literature on the effects of tuition schemes and fees on student demand and enrolment, and on UK literature triggered by recent British reforms of higher-education financing. The author presents a theoretical model that assumes perfect information, competitive markets for higher education, and institutions that seek to maximize profits. This shows that differentiated tuition features can lead to a socially optimal allocation of students. Despite the attractiveness of such theoretical results, actual price differences in higher education can hardly be attributed solely to differences in the value of human capital provided. The overwhelming majority of the surveyed American econometric studies of the effects of tuition costs on student demand show a trivial negative relation between costs and enrolment. The tuition-cost sensitivity of students seems to differ by family background and ethnic origin. Plausible though it might seem to assume that net prices decide whether a student applies to or enrolls in a specific college, and that a rise in tuition fees might be offset by student aid, the research shows how the

effects of a change of given magnitude in posted tuition fees or financial aid are far from symmetrical, and that various types of financial aid differ in their effects on demand. The insights provided by the theoretical and empirical literature reviewed can be used to test the desirability of various policy options in higher-education finance and proposed cost changes.

CONTRACT FULFILMENTS IN HUNGARIAN FOOD CHAINS

Imre Fertő, Lajos Zoltán Bakucs, Sándor Elek and Csaba Forgács

The paper analyses the contractual relations and contract fulfilment of small and medium-sized firms along the food chain, in the central region of Hungary, using survey data. The estimates also reveal that contract fulfilment is significantly affected by the design of the contract. They confirm that an important role in contract fulfilment is played by corporate and managerial attributes and transaction characteristics. Interestingly, branch-specific characteristics play only a limited role in explaining contract fulfilment.

THE EFFICIENCY OF METHODS TO TREAT CROWDING IN AIRPORTS

Benedek Nagy

Crowding occurs worldwide in big airports, causing delays, discomfort and additional costs amounting to an efficiency loss that must be treated. Of the numerous methods applied, this paper focuses on the administrative slot-allocation system and on pricing of crowding. Based on the literature, the author begins by showing that slot pricing is a more efficient way to combat crowding than slot allocation. In practice, however, European airports apply some form of administrative allocation of slots. The article presents a slot-evaluation matrix by which the loss of efficiency caused by administrative slot allocation can be estimated.