

# Brief Summary of the Articles

## **Technology policy and institutions promoting an IT-based catch-up**

**ANDREA SZALAVETZ**

The paper analyzes the performance of Hungarian technology policy and institutions aiming at promoting the IT-based catching-up of the country. It tries to provide evidence for the claim that although in the initial stage of the industry's life cycle Hungarian economic policy has successfully organized for the country's specialization in IT-hardware production, in the present maturing stage of the life cycle priority changes have become necessary. Both the objectives and the incentive structure of Hungarian technology policy institutions have to be reconsidered in order to be able to sustain the modernization achievements of the Hungarian economy.

The necessary institutional changes can be summarized by the claim that the properties of the Hungarian National Innovation System have to correspond to the requirements of knowledge economy industries' technological systems. The paper enumerates several examples of technological systems characteristic in specific 'new economy' industries and analyzes what a match between national systems and technological systems means, and formulates some economic policy recommendations.

## **Financial Crisis in Japan: Analysis of Causes and Pursuit of Loopholes**

**VALÉRIA SZEKERES**

There have been thorough and diverse factors behind the evolution of the Japanese bubble economy and the financial crisis in the 1990s. These factors included inconsistencies in the regulation of financial and tax systems, and shortcomings in financial management. Besides, problems have also been caused by over-saving and postponement in decision-making, as well as by distortions in social system. Thus, radical changes in many fields are needed to make an end to the crisis. They would promote the development of a market economy based on individual responsibility.

## **Foreign Direct Investment into the Czech Republic and Hungary and its effects on their economies**

**KÁRPÁTI TIBOR**

One of the greatest successes of the Hungarian economy in the 1990s was its ability to attract FDI into the economy. The significance of this achievement was even greater because the per capita investment was higher than in Hungary's main competitors, namely the Czech Republic and Poland. In recent years, however, Hungary's ability to attract FDI has decreased sharply, while the Czech Republic has been seen a spectacular improvement in its own performance. Consequently, Hungary has lost its former leading position. The article investigates the inflow of FDI over the last ten years and analyses the most important reasons for and effects of the change.

## **The main features of tax harmonization in the European Union**

**ZSUZSANNA GALÁNTAINÉ MÁTÉ**

The article looks into the European Union's efforts on tax harmonization and its results. The harmonization of taxes inside the Union aims to coordinate the way of ensuring a fair and free competition for the countries' tax policy and of winding up the differences which distort the commerce. The changes in the harmonization are progressing in line with the current degree of the Community's integration. The European Union intends to establish a harmonized system in respect of the turnover tax and corporate tax while maintaining the national tax policy. At the same time, its intention is to assure coordinated actions in the other fields, as well. The fastest progress of harmonization is taking place in the domain of value added tax, though this procedure hasn't been finished yet even in this respect. The progress is held back by the fact that the member countries have no common will, especially in the coordination of the direct taxes. There is no uniform point of view for how much the tax policy can be standardized without damaging the independence of national budgets. The general process of tax harmonization is continuously going on and in theory may have rather different results. It can be expected that the member countries will renounce the excessive income withdrawal in order to improve their international competitiveness, which would result in a significant decrease of the tax proceeds. This could seriously affect particularly the new member countries in meeting the budget requirements.