

Brief Summary of the Articles

Grey is all theory Relation between privatisation and competition

ÉVA VOSZKA

In the course of economic transformation the two basic ingredients of market economies, private ownership and competition, do not necessarily strengthen each other, they may even conflict. Although it has never been a declared policy, privatisation gained priority over market structure improvement in Hungary. Throughout the nineties a consistent demonopolisation policy was missing. There were no decision-making criteria and defined regulating procedures for curtailing monopoly power. The paper presents a wide range of enterprise reorganizations demonstrating that in most cases demonopolisation was an unintended consequence or by-product of bargaining short-term fiscal or political convenience.

R+D and innovation activities of the small ones

DR. ANNAMÁRIA INZELT

The competitiveness and welfare of a country – among others – depends on whether there are innovative small enterprises and what kind of life path they can achieve. The processes of different nature which are influencing the rise and operation of micro- and small enterprises have a great effect on the competitiveness of a country and on its ability to create jobs which are knowledge-intensive and contain high value added.

Therefore it is important to know what kind of organisation the micro- and small enterprises are and why are they innovative or afraid of innovation? Why do certain enterprises become successful while others end up without success? What kind of obstacles do the innovative ones face during their operation?

The article tries to answer these very important innovation-related questions by using the data of an experimental survey. There are already several programs in Hungary for the improvement of the knowledge level and the operation promotion of micro- and small enterprises. A group of the examined enterprises belongs to the participants of these programs while several companies did not obtain such support. This sample selection makes possible to touch upon an issue which is so important for the economic and innovation policy, that is to what extent do micro- and small enterprises make use of innovation funds and how they can benefit from state-financed supports.

Vertically Differentiated Trade and Differences in GDP Per Capita – The Case of Agri-Food Products between Hungary and the EU

IMRE FERTŐ

The paper investigates the relationship between GDP per capita and vertical intra-industry trade (IIT) in agri-food products between Hungary and the EU. Intra-industry trade is separated into its horizontal and vertical components on the basis of differences in unit values. Three different approaches to measuring IIT are employed and these are then tested using standard regression models. Results show vertical type trade is predominant in total IIT of agri-food products. Using Flam and Helpman type vertically differentiated trade models, we find a positive relationship between GDP per capita and vertical IIT. It is also shown that variation in income distribution has no significant effect, and distance affects significantly only N models of vertical IIT. More importantly, using a measure of IIT that reflects the level of trade produces better regression results than those based on the degree or share of IIT. The model relating to Hungary's vertical IIT in agri-food products yields the most promising results in terms of explanatory power.