

Brief Summary of the Articles

The development of supplier linkages of local firms to multinational corporations

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Companies with foreign participation play a determining role in the Hungarian economy. Their potential positive impact on the domestic companies is not automatic. One of the most important channels of these positive impacts is involving domestic companies in the supplier network of the affiliates. The share of domestic suppliers remained below the expectations. The relatively low level of domestic supplies is not surprising, if we take into account those factors, which determine that level. The type of investment (privatised, greenfield, M&A), the sector of investment, the investors home country, the extent of export-orientation, a domestic sector, which is “too different” from the foreign one, the quantity and quality of (potential) domestic supplies, the global strategy of the multinational in question and the role of the affiliates in the production network of the multinational are those most important factors, which influence the level of local supplies. Economic policy tools can influence directly and indirectly that level. The paper presents the most important features of the so-called supplier programmes of the Hungarian government. These programmes are evaluated as failures. The most important reasons of that are the following: the programme did not take into account the most important needs and characteristics of those domestic companies, which can be potentially involved in a similar programme and the needs of those foreign-owned affiliates, which would be the users of the supplies. Moreover, the aims of the supplier programme were later combined with other policy aims, which made the original targets underfinanced and of secondary importance.

Transition and Development in the Banking Systems of the East-European Countries

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The development of the transition countries' banking systems during the last decade can be assessed comparing either to its inherited level at the beginning of the transition period, or to the level of the banking systems in the development countries. From the first point of view an enormous development has taken place in the sector: starting from the zero point level after the sector's consolidation with huge financial and social burdens in every country the financial institutions have been rebuilt, the relationship between the banks and the other economic actors have been reshaped and have become business-related, a new, modern sector-regulation has been introduced step by step, and the sector has been strengthened and developed by capital and modern technology through foreign investors. Our study is following this process, with short reviews by countries. However the level of bank-intermediation in Eastern-European countries reached by large efforts is lagged behind significantly comparing to the deepness of the bank-intermediation in the EU-member countries: regarding the indicators of the bank's assets, the private sector's loans and the M2 in per cent of GDP, they contribute one fifth - half of those in EU. Looking the banking system's development of the transition countries in the last five years, the Central-European countries relative lagging behind is conspicuous: between 1998 and 2002 in Czech Republic, Slovakia, Poland and partly in Hungary too, every indicator showed stagnating or decreasing level of the bank-intermediation. The only exemption was the private sector loans' increase in Hungary. As a consequence of this, not only Slovénia with its traditionally deeper bank-intermediation and Croatia with its most dynamic growth in the intermediation-indicators, but Estonia and Latvia as well have passed the central European countries. It is worth mentioning the fast development in the Bulgarian banking system, because that will soon reach the level of the bank-intermediation in the Central European countries.

In the theoretical part of the article the author looks over the conformation the content and the controversial points of the basic principles, which are to be kept in view during the formation and realisation of a tax reform. Then, the author analyses three practical examples in details. At the formation of Croatian tax system a consumption – oriented theoretical conception was taken as a basis that aims to minimise the distortion effects of decisions about investments of present and future consumption together with the choices of consumption of certain stock. In Hungary, the reform of comprehensive tax system was planned for year 2000. The Hungarian tax reform was tended to simplification together with broaden the rateable value and thus to reduce the tax rate. But the reform motion was cancelled by government. The Slovak system, which has been inaugurated this year, uses the flat-rate (free zone, then 19%) solution for the side of income tax, supplemented with the simplest system of value-added taxation (with one tax rate, 19%) Not differing from the international practice this system is supplemented with the extra taxation of typical excise products. Important moral of the Slovak reform in that – even operable tax system – it is possible to create a professionally well- grounded conception, with sufficiently strong political will.