

Brief Summary of the Articles

All-round inquiry about reforming the general government, especially the large distributive systems – Part II.

Reforming the general government, especially the large distributive systems, has already been part of the intellectual and economic policy discussions for a long time. On the one hand, problems of macroeconomic imbalances, and on the other, the continuous tensions of the fields related to public finances support the overwhelming importance of the issue. Problems and dilemmas related to the introduction of the euro gave an additional actuality of these questions.

There is a general agreement that moderating of the general government deficit can be supported, inter alia, by the reforms of the government subsystems, especially the large distributive systems. Our questions are about the operationalization of the reforms (conceptualization, introduction, timing and delay):

1. What are the main causes and limits, which contributed to the lack of the necessary reforms?
2. What is the proper ranking and timing of the reform steps related to the large distributive systems?
3. In the process of reforming the particular systems what are the key steps?
4. What are the risks of the introduction and the delay of the different reform steps and what are the related conflicts?

Economic Freedom as an Index of Institutional Environment New Tendencies in Development Economics

PÁL CZEGLÉDI

Thanks to a paradigm shift in the 80's, development economics is now closer to mainstream growth theory which, on the other hand, makes use of the ideas of new institutional economics. This induced a new and dynamic research program, which has been developing from the middle 90's. This paper is a review of a significant part of this literature focusing on the index of economic freedom, and argues that economic freedom as a theoretical concept is useful when investigating the effect of institutional environment on economic growth. The essay also shows that this empirical research confirms the theoretical insights of the new institutional economics.

Does Hungary gain from relocations?

GÁBOR HUNYA – MAGDOLNA SASS

Relocation is not a new phenomenon, but it takes place more and more often, embraces more and more countries and sectors. The new EU member states have become important targets of relocation. Relocation of production and service activities affects employment, foreign trade and incomes in both the countries of origin and destination. The literature however, concentrates on the labour market impact in the countries of origin. The article lists the definition and methodological problems, the gains and losses from relocation in countries of origin and destination. It compares relocations to Hungary with those to other new member states. It describes in detail – on the basis of company data – the characteristics of relocations to and from Hungary, the affected foreign locations, sectors, impact on the labour market, and nationality of relocating investors. It shows, that relocation is confined to Europe, which enables companies to keep their production capacities in the continent and improve their competitiveness with the help of a “European cooperation”. The distribution of advantages from relocation is not so unequal as it is revealed by the Western European literature, because besides job losses, gains may arise from improved competitiveness, repatriated capital incomes, from job creation financed from it, and from lower prices – which latter are not analysed by the researchers.