

## Brief summary of articles

### **László Csaba: Chance for a more liveable Hungary**

This study examines the question of how successful the transition of Hungary in social fields has been over the last two decades. It comes to the conclusion that, besides the successes in the economy and the deficits in the social spheres, the reserves of the first one and a half decades are approaching exhaustion. The accession to the EU creates a chance, but not a guarantee, for the next period to be a success. The challenges for the country are very different in 2007 from what they were in 1995. For this reason we try to show directions for sustainable growth and more fruitful social politics.

### **Anna Salamonné Huszty: Strategy and strategy formulation in Hungarian SME practice**

This study deals with the second phase of a two year research program focused on modeling the lifecycle of small ventures operating in the Hungarian market. The results of the first phase were published in the March 2006 issue of *Competitio*. The goal of the second phase was to analyze the role of strategic thinking and strategy formulation at small ventures in different phases of their lifecycles. The strategy making approaches as described by Henry Mintzberg and strategic positioning models of Michael Porter were used to generate hypotheses. Strategy making practices and typical market maneuvers are described in detail. Key weaknesses and development problems are highlighted. Basic business models built on strategic behavior are recommended as a starting point for further research.

### **Pál Czeglédi: Regulatory Coherence and Economic Growth**

The paper is aimed at examining differences in market regulation across countries. Its starting point is the puzzle that poor countries apply more regulatory measures than rich ones do, although it has been empirically shown that those countries that regulate less grow faster. To explain this contradiction, the paper introduces the concept of regulatory coherence, and tries to explain the differences in this concept, together with the differences in the general level of regulation. The main argument is that regulatory coherence as well as the general level of regulation is dependent on the external, broad institutional system, because this affects the incentives of the regulators. The paper tries to support this theoretical argument empirically by a cluster analysis.

**Journal of Economic Literature (JEL) classification:** B53, M13, L51.

**Keywords:** modern Austrian Economics, institutions, regulation, entrepreneurship.

### Antal Stark: Our national economy after the transmission

This study looks through the key indicators of the Hungarian economic transition from the 90s until now. To make the Hungarian processes more understandable, we show it in international comparison with data from other post-socialist EU members. We then examine how the social processes and the economic changes fit together, emphasizing among other things the changes in health, education and cultural life.

#### György Szakolczai : The equilibrium problems of the Hungarian economic and the theoretic possibility of a solution

Following article analyses the question, how the twin deficit – the joint deficit of the budget and the current account – changed in Hungary between 2000 and 2006. The first part deals with the basic identities of the national accounts. The second, analytical part, looks through the latest data about the import surplus, the balance of owners' income and the inland consumption surplus, then it deals with the current account deficit and the ways of financing it, the current expenses, the net accumulation and the borrowing of the government budget. The third part performs the economic analysis and draws the main conclusions. According to this, the drastic decrease in proportion of the gross accumulation, the virtually zero net accumulation of the government sector, the deficit of the current account and the debt generating way to finance it are way more serious problems than the budget deficit, which doesn't mean, that such deficit is sustainable. Even this situation doesn't justify the radical demolition of the welfare state, the theoretic solution can only be the increase of export capacity and the employment.

#### Tamás Borkó: The Suspicion of Dutch Disease in Russia

The main statement of the paper is the suspicion that Russia carries the symptoms of Dutch disease. The main justifications behind it are the appreciation of real exchange rates, the deterioration of the performance of the manufacturing sector and the improvement of service sector results. However it is difficult to prove the determining factors behind these processes, so the conclusion that Russia has this ailment has to be treated with caution. As the Dutch disease is only one of the determining factors of the resource curse hypothesis, in the case of Russia other relevant aspects may also play a significant role, such as, inter alia, continuous and considerable corruption, the weaknesses of the democratic political system, a protectionist economic policy and a low level of competition, especially in the energy sectors. All of the reasons behind the paradox of the plenty type resource curse phenomenon, and among them the Dutch disease, can jeopardise long-run growth sustainability.

**Journal of Economic Literature (JEL) classification:** F31, L60, L72, Q32, Q33  
**Keywords:** resource curse, Dutch disease, Russian Federation

#### Kitti Vass: Economy of Austria

In my article I examine a member-state of the European Union, the open and federal Austria,

which can be considered as an example of a corporate economy.

During the reconstruction period following the Second World War the Austrian economy was characterized by a frantic economic expansion. After the oil crisis, an incomparably low inflation rate and low unemployment, and the more dynamic than average economic growth attracted attention to the country. Due to the intensified external economic interest, the Austrian model – namely the economic policy and establishment – was widely studied at this time. However, at the beginning of the 1980's some structural problems appearing in the economy contributed to slowdown in growth, until the political changes of the year 2000, which finally brought a new favourable turn in economic policy.

I start with an examination of Austria's economic status after the Second World War, then the development, changes and role of the Austrian social partnership. I go on to analyze today's Austria from the point of view of the sustainable balanced budget, focusing on the financial circumstances of the state, such as the complex financial connections derived from federalism.

**Journal of Economic Literature (JEL) classification:** H62, H63

**Keywords:** deficit, debt, debt management

#### István Polónyi: Quality in education

The aim of this paper is to study the basic questions of the quality of education from the perspective of the economics of education. In the introduction we review the fundamental concepts of quality; then we analyze the quality level of Hungarian education through the results reported in international comparative studies such as PISA and IALS. We try to find the reasons for the weak performance of domestic education in these studies. After this we review the quality rating and other quality indicators of educational institutes, which are widely available to the public. And finally we try to discover the employers' quality requirements of the higher education system through an empirical study.

#### Balázs Csontó – Dóra Siklós: More Credit, More Risk?

The main goal of this paper is to analyse the characteristics of the rapid credit growth in Hungary in recent years. The availability and amount of credit is of huge importance in the economy. The availability of credit is crucial for households who want to smooth their consumption and for firms, while the amount of credit affects the monetary transmission mechanism and financial stability risks. We analyse the reasons for the credit expansion and demonstrate that the increase in the amount of credit can improve the efficiency of the monetary transmission mechanism. We analyse the micro risks induced by credit growth. Finally we demonstrate Krugman's model (1999) in connection with the Asian crises and then we try to prove that the growth of foreign-currency denominated credit decreases the ability of monetary policy to affect aggregate demand.

**Journal of Economic Literature (JEL) classification:** E51

**Keywords:** increase in borrowing, foreign exchange debt

**Ádám Faragó: Study the past as if you would define the future!? – Testing the effectiveness of technical analysis on the Budapest Stock Exchange**

Technical analysis is an attempt to forecast future prices of a financial asset by the study of its past prices. This technique has been an element of financial practice for many decades, but it has not received general acceptance in academic literature.

In this paper I analyze the effectiveness of certain technical trading rules on the Budapest Stock Exchange between 1999 and 2005. In the first step I test if there are trading rules that can be qualified as effective when the analysis is applied to the full seven year period. Some worries arise concerning the long-term analysis, so in the next step I test whether the effectiveness of the trading rules change if the analysis is applied to one year sub-periods.

The results indicate that it is worth implementing the short-term analysis because it shows a different picture of the effectiveness of the trading rules from the long-term analysis. The results of the analysis applied to the full period indicate that there exist effective trading rules. However, the results of the short-term analysis show that if these trading rules are tested on one year sub-periods, it becomes doubtful that they are effective.

**Journal of Economic Literature (JEL) classification:** G14, G15

**Keywords:** Market efficiency, Stock market, Technical analysis