

## Abstracts in English

**Péter Mihályi:**  
**The Chances of Accelerating Economic Growth in Hungary**

The regime change in 1989/1990 has not produced the expected result: Hungary has not been able to catch-up with the Western market economies. Can Hungary grow 2-3 times faster than its competitors during the next 20 years, as the present Hungarian government declared in its economic plans? Can Hungary improve its relative position and catch-up with the per capita GDP level of the EU-27 average by 2030? The conclusion of the paper is that this is very unlikely to happen. But there is ample room for accelerating productivity growth, and in this regard, every percentage difference counts enormously in the long-term. Three factors of production are analyzed: the natural-physical-geographical endowments of Hungary (N), labour (L) and the capital stock (C). The following new findings are discussed. First, contrary to the widely held view, the amount of labour currently used by the Hungarian economy is not low in international comparison. The education of the workforce is also adequate. The problem is its allocation: too many workers are employed in low productivity, small firms. The only way forward is to promote the concentration of enterprises, to support the increase in the number of medium-sized and large firms. Second, the rate of domestic savings needs to be increased considerably, to allow for a low-cost financing of investments. In turn, this requires a substantial reform in three areas: healthcare, pensions and higher education. As long as the welfare state exists in its present form and these three spending items are largely financed by the state, one cannot reasonably expect households to save and accumulate families' long-term reserves in financial assets. But before these changes happen, the political elite must accept that the obstacles to productivity growth have to be removed from the legal and political structures.

**JEL classification:** E66, O47, O50, O52

**Keywords:** catching up, real convergence, Red Queen Paradox, Jánosy's growth theory, long-term growth, productivity

**Domicián Máté:**  
**Impacts of Labor Institutions on Employment in a Sectoral Approach**

Recently, there have been serious debates attempting to explain the role of institutions and their interactions as they might influence the impact of economic growth on employment. However, essentially no clear theoretical consensus has yet emerged and several unanswered problems remain. From this point of view, one interesting question is how institutions matter, and also what kind of characteristics they should have in economies.

In our estimations we followed a sectoral approach to identify the main features of

institutions. In order to demonstrate short and long run economic processes we use an error-correction method to analyze how certain institutions and their interactions determine employment growth in different market- and non-market oriented branches. All in all, we demonstrate that unions, minimum wages and unemployment benefits have influenced employment in different ways.

**JEL classification:** J21, J45, E02.

**Keywords:** employment, sectoral approach, labor institutions

**Jóna György:**  
**Efficiency and Resource Allocation:**  
**the Hungarian Managed Health Care System**

The managed health care system (MHCS) was introduced and applied in Hungary between 1999 and 2009. The gradually expanding system covered only 22% of the population and included exclusively curative-preventive health care, subsidies on medicaments, subsidies on therapeutic appliances and the spa service. Like anywhere else it was cost-effectiveness that was expected from the MHCS without an adverse effect on the quality of the health service. To decide whether the MHCS was successful in Hungary or not, we compare it with the results of those segments of the health system where the MHCS was not introduced. We use the method of the incremental cost analysis. We make our comparison exclusively on the basis of health economics aspects, because no difference has evolved in the quality of the medical provision. We will see that where the MHCS was applied, medical provision became cheaper, while at those places where the MHCS was not applied medical provision became more expensive, causing a chronic financial deficit (137,785 million HUF). Although the MHCS managed with less money, it earned 17,767 million HUF during the years mentioned above. We will present the general features of the MHCS and support, by means of empirical evidence, the assertion that the outcome of the managed care concept was rationalized and achieved savings in several segments of health care.

**JEL classification:** I150, I180, G220, G320, H520.

**Keywords:** managed health care, resource allocation, strict/soft budget constraints, efficiency, health and economic development

**Olivér Kovács:**  
**Innovative Fiscal Policy in the Context of Sustainability**

This contribution addresses the question of what constitute the main elements of an innovative fiscal policy in the context of sustainability. We apply the concept of sustaining and disruptive innovation to fiscal policy. On the one hand, innovative fiscal policy is able to be sustaining whereby public finances will incrementally improve without abandoning its decisive structure. On the other hand, innovative fiscal policy should be disruptive as well in the context of long term sustainability, whereby the structure of public finances can be profoundly restructured as a reaction to future challenges. By using the Finnish recovery in the early 1990s, we can refine our argument about the use and necessity of the mixture of fiscal rules and independent institutions in favour of fiscal sustainability. We also shed

light on the key sources of the expansionary consolidation that emerged in the aftermath of the fiscal adjustment in the early 1990s. We emphasise that innovative fiscal policy with a mixture of legislated fiscal rules and an independent fiscal anchor is more likely to be associated with sustainability if the economy has weaker growth potential which does not provide enough social trust towards the consolidation efforts of the government.

**JEL classification:** E61, E62, Q01

**Keywords:** fiscal policy, sustainability, consolidation

**László Csorba:**  
**Scarcity and Uncertainty Reduction by Institutions**

Institutions are not equally able to reduce scarcity and uncertainty. If institutions were classified from this point of view we would acquire a new analytical tool to examine institutions in the past, the present or the future. Scarcity and uncertainty appear continuously and institutions can manage them only by a greater increase in individual responsibility. However, this also increases the danger of the disintegration of community. We can see this application in practice by surveying the Hungarian pension system over the past 100 years.

**JEL classification:** A11, B52, G18, G23

**Keywords:** scarcity, uncertainty, institutions, pension system

**Lavinia Sidonia Delcea (Săutiuț):**  
**A Journey through the Theory of Economic Development**

The theory of development economics has changed significantly from the first attempts at defining the concepts in the 50s until today. Contributions to development theory are at the same time closely related to the historical context of the underdeveloped and developing countries. This paper tries to facilitate the understanding of the way development economics evolved, by presenting the main contributions to the theory. The research methodology used in this study is analytical, based on the gathering of information, its organisation in a logical way, the presentation and analysis of the most significant facts, and finally the drawing of relevant conclusions. The main findings of this paper are that after five decades of strong ideas and recipes for economic development we have reached a point of uncertainty regarding what is beneficial or harmful for nations' economic development.

**JEL classification:** O10

**Keywords:** development economics, evolution, contributions, theory

**Szilágyi Enikő:**  
**The Verbal Model of Public Administration**

The article illustrates how to build up a practical and suitable economic model of public administration. The system described by the author cannot explain every single phenomena of the so called "public administration acting space". The primary function of

the model is rather to prepare the public administration (as a test object) for other, further analysis - especially for measuring performance. The conclusion of the article is that public administration is not a special test object. A significant quantity of measurement tools is available so that we can understand the main issues of the operation of public administration - from an economic point of view.

**JEL classification:** H44, H70, H83, K10

**Keywords:** public administration, performance measurement in public administration, the functions of the state

**Anett Gályász:  
Analysis of the Creative Industries in the World's  
Most Significant Regions**

This study touches on and organises the definition of the creative industry, creativity and the differences in terminologies used within the creative economy. These help to form an idea of which areas different countries or regions consider dominant from the development point of view. Beyond this, the study describes the attempts to map out the conceptual system of the creative economy and its statistical measurement. It therefore examines the statistical, economical and social characteristics of the creative industries, in accordance with the Europe 2020 Strategy and other professional documents. It aims to provide a comparative analysis of different regions' creative industries. Lastly, regarding to Hungary, it defines future tasks.

**JEL classification:** Z1

**Keywords:** creative industries