

Is it indeed Hungary where income inequalities are the smallest?

Rudolf Andorka—Zsuzsa Ferge—István György Tóth

Income inequality and poverty in the Central East-European transition economies is an essential scientific and economic political question. A great part of the statements in the 1996 report of the World Bank on the conditions in the transition countries is in agreement with the experience of the authors and completes it. Some statements, however, expressly differ from pieces of information deriving from other sources. The data relating to the income inequalities and the extent of poverty are found to be particularly questionable. The differences may in most cases be attributed to different methodological procedures. This is why it is important to examine the validity of results arrived at with different methods.

The two-hundred-year cycle and the United States

András Bródy

The long swing can also be traced in the growth data of the United States. The first part of the study sums up the theory of this cycle and its antecedents in economic theory. The second part explains the difficulties of determining the cycle and the first results arrived at. After a detailed review of the estimation of parameters the closing remarks discuss some particular features of American growth.

Role of foreign banks in the Central European economies in transition. Part II

Paul Wachtel

Each of the “Visegrád” countries had chosen different methods for the reorganization of the banking sector. In the Czech Republic the banks were included in the “coupon” privatization. In Hungary a role to be played by foreign banks was advocated already prior to privatization, while in Poland emphasis was placed on public tenders, in general with the participation and control of strategic investors. It follows that the role of foreign banks is different in each of these countries. In this second part of his study the author examines the role played by foreign banks in the banking sectors of the countries mentioned and also briefly discusses the experiences of some other transition economies.

The Market for Goods and the Market for Ideas*Ronald H. Coase*

An essay read by Coase at the 1973 meeting of the American Economic Association is now published here. The text is rather old, but its contents is, unfortunately, as topical as it had been at the time of its original publication. It is probably for this reason that the author has republished it in the latest volume of his selected works. The ideas reviewed may perhaps be familiar to Hungarian readers. No wonder, as the relevant ideas of another Chicago colleague, namely those of Stigler, had been published years ago. He said that the judgement of the market had not changed from the times of Platon and asked whether it was not time to reconsider our standpoint. Although this question had been asked in the early sixties, almost nothing perceptible happened in this subject since then. In the short essay below a new critique of the conceited behaviour of intellectuals is given. A new typical example can be found for the method of consistent reasoning so characteristic of Coase. It is not easy to answer the problems raised, the question itself is straightly inconvenient. It cannot be known what standpoints will be taken by someone after having read Coase's study, yet more people are expected to take a different stand towards markets. Let us hope that by publishing the short essay the editors have contributed to an ever freer operation of commodity markets.

A model of public finance based on the financing of tasks*Péter Pete*

The present state of the accounting and information system of public finance in Hungary does not allow an adequate tracing of the use of resources spent on public purposes. It is even less suited for judging whether their management satisfies some criterion of efficiency. The cause is first of all the fact that the annual budgets assign the resources to the executing institutions and not to the tasks to be performed. This is why the costs of individual activities cannot be judged from the viewpoint of economy. The article outlines an alternative financing structure of public finance which tries to remove the above difficulties by linking the financing resources to the tasks to be performed. The new system would make possible to assert the microeconomic efficiency viewponts within the public sector. It would thus contribute to the creation of a cheaper and more effective system of administration.

The possibilities of venture capital in the financing of small and medium-size firms*Judit Karsai*

A new magic word is spreading in the economic life of Hungary: venture capital. In America and Western Europe this capital mediating branch is an organic part of the capital market, thus its appearance and development in Hungary is a natural concomitant of the building out of market economy. Venture capital, of course, need not be "reinvented" in this country, as its notion, its functions and the western patterns of its taxation and institutional framework can easily be learnt and adopted. It seems, however, as if most of the Hungarian experts making statenents on venture capital were not influenced by the above facts when they advertise venture capital as a panacea which is capable of solving almost all financial concerns of Hungarian enterprises suffering from shortage of capital.