

### **Internal counter-employment labour market – a neglected dimension of post-socialist transformation**

*István R. Gábor*

The economic transition following the change of political system resulted in Hungary in the disintegration and retreat of the former internal labour markets of big firms and in the gaining ground of occupational type labour markets. At the same time, the labour market has become conspicuously closed and inelastic. Looking for the causes of this paradoxical situation the author calls attention to the fact that with the dissolution of the institutional infrastructure of the earlier internal labour markets, the background institutions fitting the logic of operation of occupational type labour markets were not parallelly brought into being.

### **Equilibrium and/or growth (A well known dilemma as reflected by the Hungarian experiences of recent years)**

*Tamás Mellár*

One of the most debated economic policy problem of the period following the change of régime is the relationship between equilibrium and growth. Theoretically, not only the frequently mentioned “bad” (unbalanced) growth can be substantiated, in fact, even empirical proof can be found for it in the Hungarian practice. But neither the crowding-out effect, nor the phenomenon of twin deficit can be statistically proven in the Hungarian transition economy. Under the impact of the restrictive policy applied in the years 1995 - 1996 the trade-off between growth and equilibrium asserted itself in a rather ambiguous manner: there was no perceptible trade-off between unemployment and inflation, but it asserted itself between growth and external equilibrium. Between growth and the stock of debts the trade-off can be considered valid only with strong restrictions. Related to the latter trade-off, for getting out of the debt trap two other strategies also offer themselves: “outgrowing” and “running out”, both of which seem to be suited for solving the Hungarian debt problem.

### **Theory and practice in the analysis of international direct capital flows**

*Miklós Szanyi*

The study’s purpose is twofold: on the one hand it sums up the most important theoretical findings with the aid of which efforts were made to describe and interpret the international direct capital flows. Since in the last 10–15 years conditions essentially differing from the earlier ones developed for the flow of capital and foreign investments, the new phenomena

cannot be satisfactorily explained with the traditional flow theories. This is why in the second part of the study the author lists the most important novelties and then reviews the latest research findings related to capital flows and their operation, mainly those which are important from the viewpoint of the transforming countries.

### **International experiences of the uniform government treatment of external and domestic state debt and the Hungarian outset**

*Mária Dunavölgyi*

As a result of the debt swap between the National Bank of Hungary and the Ministry of Finance concluded early 1997, the management of the net debt denominated in foreign currencies was shifted from the Bank to the government. In order to manage the debt properly certain issues needed to be clarified such as the risk appetite of the government and the role of domestic and foreign debt in financing. It became clear in the course of clarification of these issues that the advantage of the new distribution of labour is not only the independence of the Bank but also the fact that it makes possible for the Ministry of Finance to manage the debt denominated in local and foreign currencies in an integrated manner. On the one hand the Ministry can take advantage of the possibility that overall strategy and tactics may be worked out within the same institution, in the Government Debt Management Agency. On the other hand, foreign debt management carried out by the Ministry establishes a direct link between taxpayers' Forints and the foreign currencies of the debt. The indirect relation through the so-called non-interest bearing debt due to exchange rate losses was replaced by a simple, transparent direct link.

### **Pension formulae in five European countries**

*Béla Martos*

The author compares pension systems from a single point of view: what rules and formulae are used to determine the eligibility for pension and the starting amount of old-age pensions. Beside the old-age pension by own right, due attention is paid to the entitlement and rent formulae of survivors (widows, orphans). On the other hand the developing rents are not analysed, nor is the subsequent fate of pensions (indexing). The substance of the article is summed up in six tables, the text only supplying complementary explanation.

### **Factors influencing foreign investors' decisions and enterprise operation in Hungary, as reflected by export activities**

*Andrea Éltető-Magdolna Sass*

Relying on the results obtained from a survey based on questionnaires the authors wish to prove that the firms operating in Hungary with foreign capital must not be treated as a homogeneous group, because their investment motivations, the negative and positive factors influencing their activities are different. These factors were analysed through three well delimited groups of enterprises. The basis of grouping was the export orientation of firms, its importance underlined by the fact that the export activities of companies in joint ownership are becoming ever more significant in Hungary.