SUMMARY OF THE ARTICLES

Experiences with the crawling band devaluation in Hungary

György Szapáry–Zoltán M. Jakab

We review the experience of Hungary with the preannounced crawling band exchange rate system during 1995-97. When selecting the exchange rate regime, several key characteristics of the transition process must be taken into account: reform-induced inflationary pressure, the necessity to restructure production and exports, the need to establish credibility. We argue against the premature fixing of the exchange rate in transition economies and suggest that a crawling band can serve well the dual objective of maintaining competitiveness and moderating inflation if it is supported by appropriate fiscal and structural policies. The exchange rate can be used more actively for disinflation if a right wage deal can be negotiated, but this is difficult to achieve in the initial phase of the transition when the credibility in policy is weak. However, the crawling peg must be regarded as a transitory regime and it is necessary to create the proper conditions for an eventual fixing of the forint to a hard currency.

Special features of the Hungarian bank ownership structure

Éva Várhegyi

An almost unique ownership structure developed in the Hungarian banking system in the course of the last decade. Not merely because the proportion of state property in the total capital fell in a few years from two thirds to one fifth but because, parallel to that, the share of foreign property rose above 60 percent, concentrating mainly in the hands of professional investors. Beyond exploring the government strategies shaping the Hungarian bank ownership structure and characterizing the special features of the structure thus developed, the article makes an attempt at examining the impact of the ownership structure having come about on the operation of the banks – as reflected by the changes in the position and efficiency of the banks as well as by the aspirations of the owners. Relying on the analysis of interrelations between bank ownership and efficiency – and on the results of international analyses – the authoress reaches the conclusion that, in consequence of the policy and practice allowing the appearance of foreign banks and their participation in the privatization of banks, the operation of the Hungarian banking system resembles that of the developed countries in several of its features.

The monetary union and Hungary

Attila Fölsz

The study analyses some aspects of the relationship between the monetary union and its extension to the East from the viewpoint of the Hungarian economic policy. After a brief theoretical survey it makes readers acquainted with the possibilities and the modes how Hungary can join the monetary union and which of these, when and with the fulfilment of what conditions they can answer the requirements of the Hungarian economy as well as their reality, considering the expectable behaviour of the EU deducible from its internal mechanisms. The final conclusion is that insofar as Hungary joins the EU, its memebership in the EMU would be advantageous. However, because of the strict conditions of admission, it is not absolutely worth while to make haste in asking for the former. It would be, however, necessary to link the EMU membership with some kind of exchange rate mechanism already before accession, but there is not much hope for that.

The Liska model

F. Tibor Liska

The researches made by Tibor Liska (1925–1994) were aimed at working out such a socio-economic model which would operate in an even more market-like manner than capitalism, where even property would be a subject of competition. His model considers the power of disposal of property as a basic human right, which should be asserted through open competition. It accords the state only as much role in the economy as a referee has in a football match: he may award a free kick in case of "hands", may send off those intentionally breaking the rules, but must not kick the ball, nor change the rules. This study makes an attempt at reviving and re-drafting the Liska model. It concisely outlines the starting points and main elements of the model, mentioning the unsolved problems and the possibilities that may be used in the practice.

Prevention of pollution and technical progress in environmental economics – a microeconomic analysis

Tamás Kocsis

The article groups the enterprise costs of preventing pollution and shows how a firm can maximize its profit, as well as the volume of emission reduction the environmental conservation authority should purposefully strive after if it wants to attain the highest possible level of benefit appearing on societal level. The study analyses the dynamic impact of techological progress serving extensive and intensive conservation of the environment and of that not serving conservation on the optimum emission of pollution. It makes readers acquainted with the paradox of intensive conservation of the environment: the spreading of some environment-friendly technologies impairs – under certain conditions – the optimum state of pollution.