

THE ROLE OF ENTREPRENEURSHIP IN HUNGARY'S ECONOMIC GROWTH

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The authors have already argued (Lengyel and Varga, 2018) that national growth can derive from the growth of regions. So it is crucial to the enhancement of national economic growth to implement region-specific development policies. This paper shows how regional entrepreneurship policies influence growth at a national level. It uses the Regional Entrepreneurship Development Index (REDI, Szerb et al., 2017) to explore entrepreneurship differences among Hungarian regions, then the GMR-Hungary model (Varga et al., 2018a) to analyse the regional and national growth effects of entrepreneurship policies. The paper provides the first analysis in international literature of the national and regional economic effects of entrepreneurship policy (Varga et al., 2018b).

FOREIGN TRADE, REGIONAL DIFFERENCES, AND MIGRATION OF SKILLED STAFF

István Kónya

The article presents a model for the role of skilled migration in amplifying regional differences brought about by international trade. It applies the well-known New Economic Geography model of increasing returns to scale and transportation costs, augmenting it with heterogeneous households and partial labour mobility. This framework of openness to international trade leads to human capital being reallocated to regions with better access to external markets. The paper shows that even with limited mobility, internal migration can have a marked aggregate impact if those who move are those who are most skilled. The theoretical results are urged and illustrated by differences in economic and demographic development between two Hungarian counties: Borsod-Abaúj-Zemplén and Győr-Sopron-Moson.

THE FOREIGN DIRECT INVESTMENT ROLE IN HUNGARY'S ECONOMIC GROWTH AND TERRITORIAL DIFFERENTIATION OF INVESTMENTS

Zoltán Gál

Economic restructuring in Central and Eastern Europe (CEE) was driven primarily by foreign direct investment (FDI), which served in the short term to increasing productivity and competitiveness. The author's hypothesis is that FDI's positive effects

on gross fixed capital formation and economic growth are far less pronounced in the CEE transformation model in the long run. The starting point is the finding of Lengyel and Varga (2018) that the country's GDP growth is driven by regions that attract manufacturing FDI. This paper examines these growth-generating effects of FDI and tests the causality between them in Hungarian counties. Based on econometric analysis, it argues that FDI would not cause further GDP growth while greater FDI flows into more developed counties that have higher growth. The significant positive effect of FDI is also pared down by including gross fixed capital investment in the model. A far greater role in GDP growth is played by government and EU-funded investments than by foreign direct investment.

CONVERGENCE AND CATCHING UP IN THE EURO ZONE

Péter Halmai

Convergence is a basic mechanism, a socio-economic precondition of cohesion. Convergence and catching up are integral to growth theories and policies and so to structural reforms. Convergence as a multi-dimension process is an essential building block in the operation and development of the Economic and Monetary Union (EMU). Different dimensions of convergence have significant macroeconomic and trade-off aspects. Experience in the latest crisis suggests that structural convergence (movement in the direction of more resilient economic structures) is a key factor in the efficiency of EMU, and especially important to improving productivity.