Wage catch-up in Hungary: myth or reality?

István Dedák

The study investigates the process of wage growth over the past decade in Hungary. According to statistics on institutional and labour affairs, real wages grew at a rate never experienced before, and a veritable explosion of wages unfolded in the labour market. However, the remarkable wage increase was associated with very poor growth in productivity, leading to a huge gap between the economic fundamentals and the rate of real wage growth. Since the evolution of wages is strictly determined by macroeconomic variables, the significant real wage growth seems puzzling from the point of view of economic theory. The aim of the study is to reveal the reasons causing the puzzle and to contribute to a better understanding of wage increase in Hungary.

The renewal of monetary theory in times of crisis

István Ábel and Miklós Losoncz

Monetary theory provides a novel framework for understanding the functioning of today's modern economy and for dealing with the new challenges of financial crises and pandemics since the 2000s. This is referred to in the international literature as endogenous monetary theory. It combines very old ideas, dating back to the 1600s, with very new ones, which frame today's economic policy interventions, and which have in common a new understanding of the functioning of the banking system and, since the beginning of the twentieth century, of the role and functions of the central bank. This paper reviews this theory from its theoretical antecedents to its contemporary economic policy applications.

Determinants of per capita carbon dioxide emissions at the global level

Jeremiás Máté Balogh

In line with the growing world population and expanding economy, carbon dioxide emission is expected to rise in the future. The study examines the main explanatory factors of per capita CO_2 emission using an econometric panel regression model for the period of 2000-2016. The model investigates the role of economic development, energy use, industrial structure, foreign direct investments, and foreign trade in global carbon emissions. The paper applies panel fixed and random effects

estimations along with generalized method of moments (GMM) dynamic estimations. The results confirm the validity of the Environmental Kuznets Curve, the stimulating impact of fossil energy and the decreasing impact of renewable energy production on per capita CO_2 emissions. Estimates show that an increase in the share of industrial and agricultural added value stimulates carbon emissions while services decrease them. The expansion of international trade may increase the CO_2 emissions associated with land-use change and transport. Finally, based on the results, the intensification in the share of foreign direct investment would increase the rate of greenhouse gas emissions, highlighting the problem of carbon leakage.

Are productive and exporting companies more innovative? Analysis of a sample of Hungarian medium and large manufacturing firms

János Kiss

The study examines the impact of productivity and export on innovation with the help of the 2019 survey of the Competitiveness Research Centre at the Corvinus University of Budapest. We find that productive and exporting companies have higher innovation intensity. More productive companies can develop products that are new to the market in the first place while exporting companies try to stay competitive by incremental product innovations. Since our dependent variables refer to the intensity of innovation expenditure and innovation performance, and we only have data on those who report such activity, violating the condition of random selection and possibly showing too high efficiency, we use the ML Heckman model to deal with selection bias.

Atypical forms of employment in the automotive industry

Ákos Essősy

The aim of this study is to demonstrate, through a Hungarian example, the receptiveness of the automotive industry to flexible forms of employment. The Covid-19 pandemic placed many actors in the economy and the automotive industry in a difficult position. However, all this also revealed that atypical forms of employment may even be a solution to certain problems among changed circumstances. In Hungary, vehicle production has been the largest sub-sector of the processing industry since 2011, accounting for 27% of the total industrial production value in 2018. In addition, through its extensive supplier relationships, it has an impact on other processing industry activities, thus its performance has a significant impact on the development of total industrial production. The impact of Hungarian vehicle production on the Hungarian national economy is significant, therefore, the labour market situation of those employed in the automotive industry also has a significant impact on employment. In the questionnaire, I assessed the receptivity of companies to flexible working from the aspect of employers and employees. The positive attitude towards the question showed me that the respondents are interested in the topic, therefore I consider it a priority to provide further information to the companies interviewed. The survey confirmed that Hungarian enterprises are better in terms of awareness of flexible forms of employment than in terms of applying them.