

Prepared for Growth –

Welcome by the Editor-in-Chief



A recurrent memory of my childhood is the releasing of villages blocked by snow in the Bakony Mountains. Large snowfalls stopped life. Neither the baker's nor the milkman's car or the ambulance had access to the villages. And people could not reach the nearby towns, Pápa, Győr or Veszprém by bus to work on shifts. The roads were impassable. Then came the army land rovers. They were equipped with snow-ploughs. They opened the road to the outside world. Life could re-start.

By October 2008, Hungary had gone bankrupt. The country was paralysed, the families who had been repaying loans in foreign currency could no longer pay and their life was made unmanageable. Multinational companies either left the country or are biding their time. The country was numbed. True, IMF came, but the extremely narrow path they opened is insufficient for providing the life, strength and elbowroom required for the country's expected operation. Then came the two-third. And two and a half years passed. Taxation has been transformed and rates have been halved both in income and in corporate tax applicable to domestic businesses. On the other hand, multinational companies and banks must pay tax after two decades of a tax-free period. Financial markets, public funds, financial consumer protection, and the state asset management are now regulated. The state's economy influencing, regulating and controlling function is enforced. Fiscal policy has opened up new ways in internal business and social consolidation. And this is the maximum. The time has come for us to reinforce the agriculture and set up food industry chain. The unemployed, currently included in public projects, must be gradually transferred to the reorganised food industry chain. They should till the soil, breed animals and provide raw materials for the re-launched food processing plants. After all, what is the 16 percent income tax worth without producing workplaces? While public project workers are paid from the extremely tight budget, due to the significant ratio of the country's food import, they spend their HUF 47,000 allotment on foreign foodstuffs, thus the forints of the

Hungarian budget support the German and French agriculture. This money should rather stay within the boundaries and support paid from the budget should finance the launching of domestic production. In the times of crisis, the Keynesian recipe is a good recipe but it should not be carried to the utmost. It is tricky to have pyramids built, stuff empty whisky bottles with money and then have them dug out. Keynes taught us that such things also increased employment; wages are paid to the unemployed, for whom it meant solid re-integration into the labour market. Then they use their earning for purchases and thus launch production and the economy. This may be useful in a place with domestic production. But there is hardly any in Hungary. Rural areas, agriculture should not lie dormant any longer. After setting things to rights in fiscal policy, the time has come for the state to pursue an even more direct economic policy.

But let us return to the main trend. The time has come to transform monetary practice and take its fort, the National Bank of Hungary. This is the period of monetary easing. Within reasonable limits. The central bank and its reserves must be put to the service of refinancing the state debt and the real economy. We are experiencing an age of monetary easing all over the world. Central banks submit to fiscal policy and serve it. They do not make fun of their indisposed governments from behind the protective screen of their independence. After September 2012, Fed poured USD 40 billion in to the market. In December 2012, another USD 45 billion followed. Up to the summer of 2012, it had supported the strengthening of the American economy by nearly USD 2000 billion. The European Central Bank was also compelled to take similar steps. We must also make a move. Our promise made in 1991 to the European Union to comply with the European monetary rules is of no importance any more.... They do not apply it themselves any more. In a crisis everybody takes his own path, and on a sinking ship everybody takes care of his own bag. In this period, when the most important measure of competitiveness is no longer economic growth but rather the creation and maintenance of the country's financial stability and the avoidance of another state bankruptcy, there is no reason for complying with out-of-date ideas of obsolete institutions...

In the late 1980s Hungary started to give up its markets, sold its companies and ungeared the state's economy influencing and market controlling functions. Meanwhile, in the statist France, the wave of naturalisation started as early as the 1980s. Tracing it back to their constitution, they pre-

scribed that large public service companies with monopoly must be taken into public ownership. These companies then picked up impetus and a decade later purchased a power plant, waterworks and even penetrated the meals ticket market.

To cut a long story short: our fiscal measures have opened up the way to growth. A way to strengthening the agriculture, and a way to a new kind of monetary policy. Budget stabilisation also provides a good basis for the reorganisation of the Hungarian State and more specifically public administration. For the implementation of the Magyary Zoltán Public Administration Development Programme and the creation of a Good State. This issue is also devoted predominantly to this scientific field. There is a new discipline in the making: state and public administration. This includes the reasonable, efficient, measurable and controlled management of the limited public funds so that they achieve their purpose, followed by the organisation of public services, performance measurement, development of new public administration units, including the taxonomy of the reasonable and efficient operation of public services. This interdisciplinary management approach of state operation fundamentally differs from the traditional politics and law and its classical legal descriptive concept. The following experts publish their ideas on this issue here: teachers of the University of National Public Service and the Corvinus University, all having academic degrees, joined by sponsored students preparing to serve as government officials who understand and proactively participate in the operation of a state in good governance. In the final run, “every large-scale social and economic transformation results in a reform of the existing structures.” Similarly to Zoltán Magyary and his colleagues during the great world depression, the reformers and researchers of our days feel the need to make proposals for determining the new and desirable characteristic features of the Hungarian public administration and ultimately the Hungarian state.¹ This issue has been honoured with studies by academicians Pál Tomcsányi, István Klinghammer and Pál Sohár, as well as scientist and professor of law, Tamás Sárközy. Enjoy reading!

Dr Csaba Lentner, full professor,
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NOTES

¹ Márton Gellén: *If a crisis, then reforms. Ramblings at around the source of public administration reforms.* In: Államszerép válság idején. (The Role of the State During Crisis) In Memory of Zoltán Magyary. Ed.: Márton Gellén, Hortenzia Hosszú, CompLex, 2010, 199–223. o.