

# **SUMMARY OF THE ARTICLES**

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## **Inter-enterprise ownership networks in the East European capitalism**

*László Bruszt–David Stark*

Adherents to the neoliberal concept assume that in the course of the post-socialist transformation the markets are operating in a self-building way. But the new representatives of the state-party views expect the state to develop a market economy. According to the authors this dichotomy can be transgressed as, beside the state, also other non-market institutions may help in strengthening market-orientation. One could also rely on the networks of relationships between market actors which had also developed in Hungary already in the previous system. In the first years of the transition to market economy these relationships developed into cross-ownership networks. But, in the course of developing its privatization and regulation policy, the government did not reckon with these networks. The ensuing consequences forced the government into a series of bank- and debtor consolidations, a new form of paternalism. As against this, in the Czech Republic they were aware of the network nature of the commitments and therefore have always pursued an active anti-bankruptcy policy. But even there, the “coupon privatization” has not created a people’s capitalism: the mezo-level agents (investment funds) have become the central elements of the emerging Czech institutional cross-ownership networks.

## **The paradox of privatizing rented housing: a national gift or a bad bargain?**

*Zsuzsa Dániel*

The vast majority of the publicly owned rented housing, once heavily subsidized, has become privately owned through privatization (at very low prices). Most tenants who bought their homes expected to gain a financial advantage and the security provided by private ownership. With the aid of numerical computations the article sets out to discover the extent to which such expectations have been met. Bearing in mind the costs of outstanding renovations as well, what gain is made and what costs are incurred by the new owner in acquiring ownership of a dwelling?

The article shows that the privatization presented the tenants, who had already been subsidized, with a substantial “national gift”. The larger the dwelling and the better it is equipped, the greater the privatization gift. Privatization has increased inequality. Among the winners through privatization have been households belonging to the former “élite”, but some low-income and/or large families allocated rented housing in the 1980s have

also gained. The real losers have been inhabitants of poor-quality housing and young couples with no dwelling at all.

The article analyzes a paradox: Why has the gift proved oppressive to many recipients? It proves numerically that the initial outlay and running costs of the privatized dwelling put an insupportable burden on some families.

Finally, the article discusses how the adaptation taking place in the housing sector could be improved, and how the losses of those who find themselves in a difficult situation after the privatization can be eased. How can it be arranged that they too partake in the “gift”, at least in part?

### **Are we facing two revolutions?**

*Judit Rimler*

Beginning with the middle of the 18th century Western Europe entered an until then unknown rapid phase of economic development. Various ideas, explanations were born - several of which crystallized into a theory - about why precisely then and there the change of pace had happened and the series of radical changes, reaching to our very days, had started. In his latest book, the American economist Peter F. Drucker deems to find the explanation in the increased application of human knowledge in economic life (Drucker, 1993). In his argumentation he sets out from the fact that knowledge had been earlier general, directed to self-knowledge and self-development, or to how one should well explain oneself. But the emerging capitalism and the industrial revolution changed its meaning. From then onwards the various pieces of knowledge have yielded fruit in economic life, too. With this, knowledge has become a resource possessing utility. According to Drucker, in the first hundred years of the changes, knowledge was applied to the instruments, to the processes and to the products. In the second phase, from 1880 till about the years of World War I, it was applied to labour. The consequence was the *productivity revolution*. In the third phase, following World War II, the economy utilizes the achievements of science in an ever wider scope. Reaching beyond the material sphere, taken in the narrow sense, the most important objective becomes in what directions science itself has to develop in the interest of a more efficient and wider economic utilization. Since the application of this new knowledge is the task of overall managers leading and organizing the production processes, these changes may also be considered as the *managerial revolution*.

### **Aggregate demand and supply, production and foreign trade in the Hungarian economy (1990–1994)**

*András Simon*

Because of the many changes in recent years the observations collected in the Hungarian economy have not allowed to make such econometric estimation of the macroeconomic interrelations that determine exports and imports. The main problem lies in the quantification of aggregate supply. In a period of so great structural changes there exists no such method that would enable us to compute a statistical indicator providing

approximate information about the planned sales of producers, that is, about supply. This is why this study applies a reversed approach: it assumes certain structural equations and then computes what supply indicator they imply - depending on the parameters of the equation.

Analysing the likelihood of these supply indicators - their consistency with other, not quantifiable pieces of information - some consequences regarding the parameters can be drawn. Although with this logical method certain domains of the parameters can be excluded as unlikely ones, the domain where uncertainty remains is still wide. Thus, to cut it short, this method does not provide a key to the economic history of the last five years, yet, by computing the consequences it helps us in further reasoning.

