

Capital stock, savings and economic growth

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For decades before the war and even at the turn of the century, Hungary's per capita economic performance was about 70 per cent of Austria's. The result of the last 50 years has been to bring this proportion down to about 40 per cent, measured at purchasing-power parity. The economic successes in the few years since the change of system have raised hopes that the Hungarian economy's fortunes can be turned round, so that a process of falling behind becomes one of catching up. Hope lies mainly with the transformation of the microeconomy, in other words the country's labour-skill, entrepreneurial and technological capacities and the likely development in these. However, the degree to which the microeconomic attributes and opportunities can be utilized largely depends on macroeconomic policy. Microeconomic efforts to develop lead on an aggregate level to a rise in the country's investment, which faces macro policy with the problem of balancing resources and expenditure. The authors' calculations concern the factors behind this balance. They first estimate the present value of the stock of physical capital, before establishing a relation between growth and capital stock, based on international analogies. Based on a comparison of the capital requirement of the assumed path of growth with likely savings, there follows an economic-policy analysis of why growth is conditional on adequate domestic savings, and what kind of economic policy can ensure this.

The future of work. New concepts, conditions and scenarios

Judit Rimler

The article sets out to place in a historical framework the main conclusions reached by those considering the future of work. It reviews the new concepts, the more important new conditions, and the new circumstances: the new elements defining work and its changing content, especially the expanding opportunities for a creative contribution and the shift from work in employment to independent or self-employed work. Concerning the development of creativity, the author examines how some working conditions are altered by technical development: place and time of work, the way it is organized, and corresponding organizational and legal forms. Finally, she makes some forecasts about future working conditions, in the light of the expected economic and technical development.

Capitalists taking considered risks. Venture-capital investments in Hungary*Judit Karsai*

The risk-capital sector developed rapidly in the 1990s. This is apparent in the unprecedented rise in the volume of capital concerned and the globalization of the investments. The process has proved beneficial to the Hungarian economy. Apart from gaining extra resources, domestic firms have been able to exploit the system of market and financial relations possessed by venture capitalists and learn advanced forms of ownership control and corporate management. Based on press reports of Hungarian firms receiving venture-capital investment, a data base was compiled at the Hungarian Academy of Sciences' Institute of Economics, showing the main features of the investments and withdrawals made between 1995 and 1998.

**The economics of the European Union's Common Agricultural Policy, Part II.
The political economy of CAP***Imre Fertó*

CAP has justifiably come under fire ever since its inception. The second part of this study applies the methods of the new theory of political economy to the question of how the survival of CAP can be explained. The study points to the main limitations on applying the theory and to the possible solutions, in the light of recent findings.

**Is a multi-dimensional theory of the firm necessary?
A critical summary of the evolutionary theory of the firm***Judit Kapás*

Modern theories of the firm divide into contract theories and evolutionary theories. The former began to emerge in the mid-1970s and present coherent and mature views these days. Explicit delineation of the evolutionary theory of the firm is only now occurring, within evolutionary economics. The study looks at the theoretical antecedents of this field and outlines the main views. It presents the early evolutionary views, followed by the features of evolutionary economics and the limitations on the use of biological analogies. The main views found in the evolutionary theory of the firm are explored through the three main questions forming the backbone of the theory of the firm (the reason for the existence of the firm, its bounds and its internal structure).