

ABSTRACTS OF THE ARTICLES

Growth mechanism – growth model

György Simon

The study discusses the underlying problems of growth, based on a worldwide examination of 131 countries. In generalizing from his growth model, the author takes into account some new factors: traditional education and mineral resources (stocks of oil and natural gas). Based on the generalized model, he applies econometric analysis to address the central question of growth theory: what factors decide the enormous income differences between the world's countries. The model yields new information for economic policy-makers on how to accelerate economic growth and catch up with the development level of the developed countries.

The hidden economy and the factors involved in combating it

Zoltán Szántó and István János Tóth

The authors analyse the factors behind participation in the hidden economy, through a review of the models of economic theory. They show that those seeking to maximize profits weigh various forms of the hidden economy (tax evasion, for instance), in the search for the optimum solution, calculate the costs and benefits of participating in the hidden economy or refraining from doing so. Taking the 'socially optimum level' of tax evasion, the study covers the various types of government measures that can be taken against the hidden economy, the effects of them, and the scope for an optimum government policy to combat the hidden economy.

The effectiveness of tax administration and the hidden economy

András Semjén

Earlier empirical examinations suggested there was constriction of the hidden economy and improvement in the financial (and fiscal) discipline of firms in the second half of the 1990s (Tóth and Semjén [1996], Semjén and Tóth [1997], and Tóth and Semjén [1998]). This was due, among other factors, to economic growth, consequently improving business conditions and corporate growth prospects, and shifts in the firm-size and ownership structures of the economy. Also involved to some extent were changes in fiscal policy (falling tax burdens). Another big contribution to the observed improvement in tax discipline may have come from heightened social efforts and professionalism in tax administration, leading to higher risks of detection in illegal practices. Of course, it was apparent earlier that the work of the

tax system can play a part in the tightening process. However, there had never hitherto been studies designed to gather even indirect 'evidence' to support this assumption empirically.

Wages and labour costs in Hungary in the context of EU integration

Erzsébet Viszt and Judit Adler

Trends in development levels and international comparisons of these have always run up against major methodological and practical barriers. International statistical analyses and comparisons of per capita GDP and price levels showed that the countries of Eastern Europe lagged ever further behind in the 1970s and 1980s. Analysts have called this period one of 'delayed stagnation', whose extent had been partially concealed by massaging the figures. Efforts at comparison were also hampered by the artificiality of the exchange rates, especially studies at purchasing-power parity. However, there has been a steady increase in recent years in the international statistical database required to follow Hungary's catching-up process. The authors analyse Hungary's lag behind the EU countries, pointing out at the same time that the development levels, average wages and wage costs of member-countries also differ widely, despite the convergence processes that have been occurring.

Contract work in Hungary. The findings of an empirical examination

Miklós Sanyi

Contract work long retained negative overtones, based on the practices in the 1970s. Among the common criticisms were the unilateral dependence of the contractors, the low standard of technical transfer, and the isolation of the contractors from the rest of the economy. These days, the nature of contract work has changed all over the world. A number of positive external effects have appeared and these can be felt in Hungary as well. The study examines these positive effects, based on empirical survey data. The firms 'swept' into contract work by force of circumstances had dropped out of the markets by the time of the first survey in 1996. Most of the sample therefore consisted of firms that had consciously chosen contract work as an element of their adaptation and modernization strategy. These proved capable of benefiting from several positive effects, which assisted them in their adaptation.