

ABSTRACTS OF THE ARTICLES

The two stages of economic transformation and the re-evaluation of human capital. Development of the wage structure in Hungary 1986–1999, Part III

Gábor Kertesi and János Köllő

The study analyses trends in the market assessment and productivity of various educational-attainment and age groups in the labour force between 1986 and 1999, through data for individual earnings and production functions (estimated for big companies). The wage data for 1989–92 show a general rise in the yield from educational attainment for all age groups, and a reduction in the wages of unskilled labour. However, the overall appreciation in the value of educational attainment ceased after the transformational recession, as market institutions consolidated and new technologies appeared. Only the pay and productivity of young, qualified labour still increased after 1992—initially in foreign firms using modern technology and then in domestically owned firms as well. The productivity and wage yields of those with educational attainments and experience gained earlier ceased to grow. The revaluation of knowledge in a period of technological renewal is confined to the younger age groups.

The transformation of institutions and catching up with the developed economies

András Nagy

The role and transformation of institutions during the Central and East European system changes were long neglected in theoretical debate and economic policy-making. It was widely held that adopting the institutions of the developed countries would be quite simple and soon resolve the problems of technical and efficiency lag. It has emerged in the last ten years that the institutional transformation required is far from simple. Furthermore, the development and structural change in the system-changing countries has occurred in various ways with differing results. This has directed greater attention recently to the role of institutions and the changes in them. For these provide the key to explaining what happened during the transition and identifying what has to be done to accelerate the process of catching up with the developed countries, during the phase of accession to the European integration framework.

Unemployment and overproduction of graduates

Katalin Szikra Falus

Many countries managed after the Second World War to reduce joblessness to a level of mere frictional unemployment. However, unemployment rates jumped again in the 1970s

and the character of employment altered. Employees could no longer adhere to a particular job. Some had to be content with part-time work, or in many cases, self-employment. Until very recently, the main cause of long-term unemployment was seen by most observers to be lack of education and poor qualifications among the unemployed. This analysis has not been confirmed by the latest studies. Long-term unemployment shows a closer relation with physical and mental condition than with qualifications. Serious problems arise in employment because increasing numbers of young people are obliged to take jobs below their qualifications, due to the rapid expansion of higher education. The author therefore sees the target of '50 per cent of young people with a degree' as misguided, even in the longer term. In the immediate future, the Hungarian economy needs a modest number of highly qualified specialists and a large number of workers with not especially high qualifications. From this it follows that the types of education calling for most development are secondary schooling and accredited specialist further education in institutions of a school type, lasting for one or two years.

The performance of newly established private firms

Mihály Laki

The extent of the private economy, and thereby economic growth, depends on the performance of formerly state-owned enterprises now in private hands and of private firms founded since the socialist period. Comparing these two groups of firms entails presenting the main factors that affect their performance. After briefly surveying private enterprise under socialism, the study covers the main means of state influence available since that period. These have had different effects on the new foundations and on the privatized firms. The author analyses the effects of privatization, then deregulation, and finally support for small-scale business. Then come the actual comparison and the important lessons to be drawn.

The system of corporate procurement and sales. The findings of an engineering survey

Péter Vince

How the network of procurement and sales relations in firms has developed since privatization or foundation is the question central to the author's analysis. The study is based on a questionnaire-based survey of engineering companies, grouped according to ownership structure. The findings show that the character of firms' purchase-and-sale relations are determined basically by ownership structure and management factors. The range of owners—from multinational corporations to private individuals—has produced various patterns of corporate behaviour. The power relations between partners, the market orientation, the conduct of procurement and sales transactions and the bounds of corporate freedom of movement can all be observed in different versions. These patterns yield a general picture in which strong corporate ties to a web of international relations of owners and/or business partners coincide with weaker strands to the domestic business environment.