

State ownership – reasons in principle and dilemmas in practice

Éva Voszka

One dominant idea in the 1990s was extension of private ownership, including transfer of state assets into private hands, was a cornerstone of the economic change of system in Central and Eastern Europe. So economists and politicians in recent years were concerned mainly to justify privatizing state-owned firms. Now the endgame – sales of remaining assets and in some cases revision of unsuccessful transactions – has brought back into the crossfire of political contention some basic theoretical issues debated at the beginning of privatization. Does it matter at all who the owner is? What can justify maintaining and extending state ownership? Can the state operate as a better owner in a market economy than it can in a planned economy? With almost 15 years' experience of market economic transformation behind us, it becomes possible to examine the validity of theories in the light of practice.

The dynamics of agri-food trade patterns – the accession countries' case

Imre Fertő

The article describes the evolving pattern of agri-food trading in Central European countries, using recently developed empirical procedures based on the classic Balassa index and a symmetrical transformation of it. The degree of trade specialization shows a declining trend. Central European countries have been losing their comparative advantage in a number of product groups. Their indices of specialization have also tended to converge, although they display greater variation in certain product groups. They are stable for product groups showing a comparative disadvantage, but product groups for which these countries have a weak to strong comparative advantage show significant variation. The findings back the idea that there is a general decrease in specialization, but they do not support the notion of self-reinforcing mechanisms that has been emphasized strongly in much literature on endogenous growth and trade.

The local labour market's effect on decisions to enter secondary-level education

Zoltán Hermann

The study enquires how far families deciding about further education after the eight years of primary education pay heed to the likely labour-market return on such schooling. The analysis rests on the relation between the unemployment rate at district level and further studies, based on a cross-sectional estimate. It emerges that unemployment prompts families to be more ambitious in their decisions about further education. This effect is stronger

for children whose parents have a low level of schooling, which suggests that the differing alternative costs of education is the prime factor behind the relation. The effect is weak, however, in terms of the parents' level of schooling – the primary determinant of further studies. The findings show also that differences according to type of settlement found in the proportion of those continuing their studies can be attributed in part to the level-of-schooling structure among the parents.

International competitiveness of Hungarian agriculture: past performance and future projections

Matthew Gorton, Sophia Davidova, Martin Banse and Alistair Bailey

The international competitiveness of Hungarian agriculture is assessed by estimating domestic resource cost (DRC) ratios for the pre-accession period, using data for the years 2000–2002. The estimates indicate that Hungary was less internationally competitive in arable production, compared with the mid-1990s, due to appreciation of the Hungarian forint, static domestic demand, and improved harvests in neighbouring countries. While dairy production remained uncompetitive, pork and poultry production by corporate farms became internationally competitive, due to lower feed costs and better access to EU markets. The future international competitiveness of Hungarian agriculture is assessed for the years 2007–13 using three scenarios: baseline (no accession), accession with historical rates of productivity growth, and accession with dynamic improvements in productivity. Predicted price changes are based on a computable general equilibrium (CGE) model, developed to quantify the implications of the 2004 EU accession. The analysis indicates that accession will impact negatively on the international competitiveness of Hungarian agriculture by increasing land and labour prices. To maintain competitiveness in the arable sector, Hungary will need to achieve dynamic improvements in productivity, to offset the effect of higher factor costs. The dairy sector, under all scenarios, is likely to remain uncompetitive.

'Cooperative Identity' – a concept for economic analysis and evaluation of cooperative flexibility

Gábor G. Szabó

From an economic point of view, the new identity statement by International Cooperative Identity does not provide a sufficient basis on which the substance of the cooperation entailed to be grasped. There is a huge need to carry out research on the basis of an alternative 'cooperative identity' concept, so that the substance and possible development of cooperative systems can be examined. The most important parts of the 'identity' are the cooperative definition, the basic aims (purposes) of cooperatives, the functions (roles) and the cooperative principles. Analysing Dutch agricultural co-operation according to the concept mentioned, it has to be said that the 'principle of principles' (the product is central) and the basic aim (to increase members' income) remain valid. However, to be able to perform new (marketing, financing, organizational) strategies it is necessary to change the functions of co-operatives. It would be important and useful to carry out research on the co-operative identity according (at least) to each country and to different branches and sectors of the economy in order to get the substance of co-operation.