

ABSTRACTS OF THE ARTICLES

The soft budget constraint syndrome in the hospital sector

János Kornai

Researches so far have examined mainly how the soft budget constraint syndrome appears in the corporate sphere and the credit system. This article concentrates on the hospital sector. It describes the motivations and the contradictory behaviour of the five main types of participant in the events: patients, doctors, hospital managers, politicians, and hospital owners. The motivations explain why the propensity to overspend and the tendency to soften the budget constraint are so strong. The burdens of overspending and indebtedness are pushed upwards at every level of the decision-making and funding processes. The article considers the connection between the soft budget constraint syndrome and the various forms of ownership (state ownership and the non-profit and for-profit forms of non-state ownership). Finally, the phenomenon is examined from the normative point of view: what are the favourable and unfavourable consequences of hardening the budget constraint and how these are reflected in the consciousness of the participants in the normative dilemmas and events.

The missing link? Experience-earnings profiles and earnings fluctuation

István R. Gábor

Built upon data from 11 succeeding annual wage surveys carried out between 1992 and 2003 by the National Employment Service in Hungary, the paper uses elementary statistical tools to examine whether or not earnings fluctuations have differed in size among groups of employees with different degrees of schooling and experience, and if they have, whether the observed differentials may be related to differences in the respective experience-earnings profiles of the groups. Findings suggest that earnings fluctuations have differed in size across those groups, and that they appear to have done so in association with group-specific experience-earnings profiles. Assuming that differences in the observed magnitudes of earnings fluctuations are at least partly due to differences in the flexibility/rigidity of the attained market rates of earnings, and that flexibility/rigidity of those rates is a determinant of unemployment, it seems reasonable to suspect that long-discovered systemic differences in unemployment across groups with different degrees of schooling and experience (and, perhaps, across countries as well) may also be related in part to differences in the shapes of their experience-earnings profiles.

**The relation of work-place innovations and the change of production paradigm.
The example of distance working and mobile working***Csaba Makó, Miklós Illéssy and Péter Csizmadia*

The first cycle of transformation of the economic economy after the change of system has been concluded. But economic modernization driven by investments of operating capital were accompanied by some negative aspects as well as the undoubtedly positive ones. An example is the low level and inequality of innovation activity in the economy. One of the most important questions in the second cycle of economic transformation is how capable the economic actors will be in meeting the requirements of the study economy. Using a European comparison, the article examines in work-place innovation—proxied by outwork and mobile work—the performance by Hungary's firms in the field of organizational flexibility and innovation.

**The effect of demand on the dynamics of prices, quality
and development decisions***József Vörös*

The study formulates a very general model to make statements about a very broad range of businesses. The survey, centred on the dynamics of development activities, reaches the conclusion that the trend in development and investment activities is not necessarily downward, as many theoretical studies and empirical examinations have sought to show. The author also makes an important point about changes in products and product models: the growth predicted by the economic mathematical model for development intensity shows that the accumulated productivity and quality knowledge should have been passed onto new products. It is also interesting to find how much the profit from productivity knowledge has to give way to the consumer, and how the producer and the consumer have to share the costs of quality.