

SAVING AND TAXATION IN A VOLUNTARY PENSION SYSTEM:
TOWARDS AN AGENT-BASED MODEL

Balázs Király and András Simonovits

On the subject of modelling the voluntary pension system, one of the authors of this paper has emphasized previously (Simonovits 2009) that taking into account the tax expenditures of the system, its basic function is often a simple transfer of the tax levied on low-earners and short-sighted workers to far-sighted workers. Following the prescriptions of the mainstream, Simonovits derived the savings from maximization of variously discounted lifetime-utility functions. Due to technical problems, that paper neglected the dynamic process that occurs over the long period. This paper studies simpler learning rules. First it rests satisfied with global learning and obtains new analytical results. Then it adds local learning, and has to use agent-based modelling, forgoing analytical results. In sum, local learning adds to the improvements achieved by global learning.

RENT CREATION AND PSEUDO-DEMOCRACIES

András Székely-Doby

The paper focuses on a specific political system lying between democracy and autocracy, which has similarities to both. Called here a pseudo-democracy, it is examined from the point of view of rents. The paper enquires how a democracy can allow a single party to dominate the political landscape for a long period. The author constructs a model to link rent creation to vote maximization, arguing that it can be rational for incumbents to increase rents beyond the short-term optimum. The model also reveals that surplus rents may offer long-term gains to an elite by strengthening its clientèle, challenging the systemic political framework and holding back the opposition. Historical examples show that the end-result of a pseudo-democratic system will usually be to weaken economic performance and increase corruption.

ECONOMIC GROWTH, CRISIS AND REGULATION. SUMMARY OF THE COEURE
PROJECT STUDIES, PART II

Erika Dömötör, László Mátyás and László Balázsi

The sequence of three short papers gives an overview of the EU's Cooperation for European Research in Economics (COEURE) PF7 project. This paper reviews four

studies dealing with currently hotly debated matters of economics and economic policy related to growth, the role of competition and innovation, and the institutional and macro-level stabilization policies after the recent financial crisis. The paper covers the methodologies, and briefly the main policy implications in each area, and offers possible solutions to the economic problems that arise.

A GLANCE AT POST-CRISIS MONETARY POLICY

Imre Tarafás

Monetary policy in advanced countries before the start of the financial crisis in 2008 had relied for decades mainly on indirect instruments and continued to do so: cutting the central-bank policy rate to near zero and buying large amounts of mainly government securities to depress long-term yields. Fiscal policy, at least in the early crisis years, contended with high deficits. Normal times have not quite returned, but once they do, the idea is to continue using indirect monetary instruments against the situation resulting from the monetary and fiscal response to the crisis. Meanwhile government debts are at levels rarely seen in peacetime and forces are at work to push them higher. To counter that, it would be desirable to have fast economic growth, but the prospects are not good. More probably there will be much more fiscal adjustment and structural reform. It is possible that among such measures, governments will use “financial repression” through direct monetary instruments. In that case, it will become unavoidable to have regulation of international capital flows and controls on them.

ENERGY CONVERGENCE IN THE LIGHT OF THE ENERGY 2020 STRATEGY AN ALTERNATIVE TO CONVERGENCE CALCULATIONS

Tekla Sebestyén Szép

The EU achieved three goals (on energy efficiency, share of renewable energy sources and emission) in its Energy 2020 document emphasizing the importance of joint action. This study examines the 28 members’ progress between 2001 and 2012 in the light of these commitments. Applying the methodology of sigma and beta-convergence, the author proves there is a divergence process among the member-states, but the results of gamma-convergence modify it. It is concluded that in its absence the differences remained in the EU in 2001–12, but the scale of them decreased significantly. The fastest convergence rate can be found in renewables. By energy intensity and emission, these positive processes are affected negatively by the financial crisis, causing temporary divergence. Calculating convergence raises the awareness to the difference between old and new member-states.