

THE CHINESE CORONAVIRUS OUTBREAK AND THE EXPOSURE OF THE HUNGARIAN ECONOMY

Krisztián Koppány

The coronavirus outbreak in China draws increasing attention to the interconnected and interdependent nature of countries and sectors of the world economy, along global value chains. The study examines the exposure of Hungary and its industries to the sectors of China and Italy, based on the WIOD database and output-to-output elasticities. The main conclusion is that the production shocks in the two other countries could have a marked impact on Hungary, whose dependence on Chinese suppliers is notable in worldwide terms.

THE MIDDLE-TERM TENSIONS OF THE HUNGARIAN PENSION SYSTEM

András Simonovits

Three middle-term tensions mark the current Hungarian pension system: (i) The scissors between pensions of ensuing cohorts open wider and wider. (ii) Eliminating the cap on contributions, and still more introducing ostensibly “proportional” personal income tax, polarizes more and more the benefits of retiree cohorts. (iii) The contradiction between rigidity in retirement age and the looseness of the Female40 becomes greater and greater. How could the government ease the tensions? (i) Stop reducing the employer’s contribution rate. Benefits in progress should be corrected. (ii) The contributions cap should be reinstated, and the domain of now perfunctory progression enlarged. (iii) The 2009 variable retirement age with equitable reductions should be restarted and Females40 phased out.

ANALYSING CONSUMER BEHAVIOUR WITH CONDITIONAL CHOICE MODELS, WITH MANGALICA SAUSAGE AS AN EXAMPLE

Péter Czine, Áron Török, Péter Horváth and Péter Balogh

The study seeks to assess consumer preferences for Mangalica sausage, i. e. to determine the features of the product most important in purchase decisions, the direction of these and willingness to pay for their levels. It was conducted through a discrete-choice experiment, in which four product characteristics (price, meat content, certification, place of purchase) were identified. According to the hypotheses, certification

has the greatest influence on willingness to pay; the socio-demographic characteristics of consumers are decisive in the choice. Three model specifications (multinomial logit, latent class, random parameter logit) were also used in the estimates. The results show that consumers have a clear preference for certified meat from a registered animal and purchasing at a farmers' market over other attribute levels. With regard to the meat content, we could no longer prove this.

SOME MACROECONOMIC EFFECTS OF INCOME INEQUALITIES IN A SIMULATION APPROACH

Ádám Czelleng and Miklós Losoncz

The emergence and increase in income inequalities are inevitable and sometimes usefully inherent elements in the functioning of market economies. The paper analyses the macroeconomic effects of inequalities in a macroeconomic model defined by heterogeneous agents and run with Monte-Carlo simulation. The simulations prepared by the model revealed the macroeconomic impacts of inequality and rationality in terms of financial culture in the context of economic growth and stability. The conclusions are: (1) Growing inequality dampens the rate of GDP growth. (2) Losses in consumption and in the value added of the economy in general that emanate from income inequalities are lower if the rate of GDP growth is permanently higher. (3) With diminishing income inequalities, volatility of consumption decreases, so that the volatility and cyclic nature of economic growth slacken as well. (4) Rationalization of expectations (more precise expectations of households) progress in the development of financial culture and are indispensable preconditions to reaching a sustainable level of potential output. The report amends research results released in relevant international literature by adding a new approach and new aspects to analysing the macroeconomic effects of income inequality. The report discusses the mutuality between inequality, economic growth and volatility cycles.

A SYSTEMATIC LITERATURE REVIEW OF SOME AREAS OF THE HIDDEN ECONOMY

Éva Fenyvesi and Judit Bernadett Vágány

The study bases its review of the systematic literature of the hidden economy on almost 100 sources of Hungarian and international literature, focusing on three areas: conceptual approaches, the reasons behind the hidden economy, and its effects. The method applied was complete, systematic processing of the literature in a specific area. Based on this, it emerges that almost forty names and numerous conceptual definitions do not permit the creation of a single definition, mainly because it is unsure that the same terms are included in different years of the country-specific reviews. The commonest reasons behind the hidden economy were the tax and contribution system, the extent and effectiveness of state bureaucracy, and the regulatory environment. The causes and effects of the hidden economy relate closely, with a spiral effect on one another.