

THE ECONOMICS OF DISINTEGRATION. THE CASE OF BREXIT

Péter Halmai

Disintegration can be seen in real economic and institutional dimensions. An analytical framework for the real economic dimension appears in the deep integration paradigm. Deep integration is a largely irreversible relationship, eliminable only with disproportionate losses. Yet it is possible to have differentiated configurations of participation. The disintegration problem is explored here through the Brexit example. British EU membership brought a marked growth bonus, but productivity growth stalled over the last decade and a half. There is trade-off between the depth of the new, post-Brexit arrangement and independence. The study details the economic impact mechanisms of disintegration and the chances of impact assessment. Disintegration from a system of deep integration brings economic loss. The permanent growth loss from Brexit – the Brexit “tax” – can be termed the price of populism.

THE EFFECT OF COMPULSORY MILITARY SERVICE ON WAGES IN HUNGARY

Buda Háló and Balázs Reizer

The paper studies the effect statutory military service has on wages in Hungary. Administrative social security data and difference-in-difference strategy are used to estimate how conscription in 2003 and 2004 affected the soldiers’ wages. Before conscription, the soldiers were earning 20 per cent less than similar workers not conscripted until later. This gap disappears after military service, when former soldiers earned 3 per cent more than similar workers who had not served. As the statutory period was only six months, the authors do not think the wage growth was driven solely by an increase in productivity. Instead they argue that workers were subject to discrimination before conscription or the match value between the soldiers and their firms was very low before the conscription.

REFORM OF THE EURO: THE KEYNESIAN SOLUTION

György Szakolczai

The euro’s founders saw it as giving the strongest impetus to closer European cooperation, but even in its tenth year, the euro in that form had become an impediment instead. The author, a firm believer in European integration, sets out to present

a financial system that will promote unity in Europe better than the present one does. The principles for such a system were stated back in the 1930s by Keynes, who had devised how to apply it by the beginning of the 1940s. At the time he could only get his ideas partly accepted. The Bretton Woods institutions were not based on his plans, but mainly on American ideas. The principles behind his ideas for solving the world-wide problems then would work to solve the European problems of today, but only if differences between Europe and the whole world and changes that have occurred since his time were borne in mind.

INVESTIGATING ENVIRONMENTAL EFFECTS OF AGRICULTURAL TRADE THROUGH A SYSTEMATIC REVIEW OF THE LITERATURE

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The share of agricultural products in total world exports reached 15% in 2017. The share of unprocessed agricultural products in exports has doubled, while the share of processed goods has tripled since 2002. The international trade can increase environmental externalities by many ways e.g. cross-border pollution, deforestation and food transport. Despite the great importance of agricultural trade, the number of studies exploring the relationship between the environment, trade and agriculture is limited in the scientific literature. The present study aims to review the environmental impacts of agricultural trade with the help of a systematic literature review in the international economic literature published in recent years. According to most of the studies reviewed, expanding trade and trade liberalization have a harmful effect on the natural environment. A smaller proportion of the literature argued that the natural environment of countries could benefit from trade, while only a few researchers concluded that trade had no significant impact on the environment at all.