Brief Summary of the Articles

All-round inquiry about the probable direct effects of joining the EU – part II

As the date of joining the EU is approaching, it is becoming more and more important to identify: what are those direct, quickly valid economic and social effects, changes and new situations the economic and private sector will have to face. We ask to take all the positive and negative consequences into consideration, which should or have to be reckoned with – with various degrees of validity – right after the day of adhesion, and which indicate an important domain for both the companies and the private sector. One of the elements of preparing for joining is that the experts take these effects into account from various aspects.

The possible circle of effects is rather wide, this time we list only a few of them as we try not to limit the affected domains of problems. These are the variation of prices and wages, the employment and migration of workforce, the situation of competition and entering the market as well as the interest rates, economic growth, direct capital investment, macroeconomic balance, areas with profit and deficit, quality of life, welfare supplies, and the effects of introducing EU-directions.

Essay on pension, pension systems, pension reform – II. Part

GYÖRGY NÉMETH

In the second part of his two-part paper the author provides a detailed analysis of the problems that actually cause the crisis of the pay-as-you-go pension systems; the primary cause is to be found in the historic circumstances of their formation. Understanding is made difficult by the fact that the accounting system of the state budget gives different account of the macroeconomically identically functioning pay-as-you-go and pre-funded pension systems. Next the author reviews the so called three-pillar proposal for pension reform made by the World Bank and presents the 1997 pension reform carried out in Hungary – modelled on the World Bank proposal but greatly differing from it. Review of the Administration's arguments follows, and the author claims that they do not stand the test of economic investigation. He points out that the most important step of pension reform has not been the establishment of the pre-funded pillar, but the elimination of a large part of implicit state debt embodied in the first pillar.

Liberalization of the international trade in services

András Jancsik

The international expansion of the service sectors dominating the economies of the developed countries is facing numerous obstacles due to the specific nature of services. Thus the 1980s saw the development of a considerable "liberalization deficit" in this area, which prompted GATT member states to put the issue on the agenda of multilateral trade negotiations. The General Agreement on Trade in Services (GATS) achieved at the Uruguay Round was regarded as a milestone in terms of developing regulations; however, it did not signal effective headway in opening up markets, as member states mostly only set down the already achieved liberalization in their commitments. During the 1990s, the accelerating technical modernization and the full internal liberalization of the major integration blocs highlighted the need for substantial quantitative and qualitative progress in the field of international liberalization. At the same time, conflicts of interest connected to liberalization also became more emphatic – this involved not only different views of sectors and modes of supply but also concerns over providing certain services on a market basis. Thus the current round of WTO negotiations poses a difficult task for member states presuming that they want to achieve real advancement: rather than engaging in negotiations over particular services, they should aim to work out and apply general approach methods (or, possibly, liberalization "formulas") that are capable of significantly liberalizing the international trade in services while minimizing disadvantages (or at least reducing them to a politically acceptable level).