

# Brief Summary of the Articles

## **All-round inquiry about joining the EU and the manoeuvring possibilities of the economy policy Part II**

Hungary's accession to the EU – as we know it today – will take place under unfavourable international and domestic macroeconomic conditions. On one hand the slow expansion of EU member countries and the budget tensions in the largest countries, on the other hand the balance problems of the Hungarian economy will influence the manoeuvring possibilities of the domestic economy policy in the following years.

Our inquiry this year lists some opinions on the following questions: what are the tasks in this relatively short period of time for the Hungarian economy policy to restore the internal balance in the short term, to encourage the growth and the involvement of FDI and to fulfil the requirements of EMU membership in the medium term. How is it possible to rank the goals and how can a their harmony be achieved?

## **International competitiveness: interpretations, indicators and some lessons for Hungary**

GÁBOR OBLATH – PETRA PÉNZES

Although the concept of “international competitiveness” is in the focus of current policy discussions in Hungary, the concept does not have an unambiguous economic interpretation. The article first addresses the question whether or not the notion of competitiveness can be interpreted at the macroeconomic level, and it offers an affirmative answer. On reviewing different interpretations, we present empirical indicators of Hungary's competitiveness and offer some international comparisons. We find that the country's competitiveness deteriorated over the last years, but still there does not appear to be a fundamental misalignment in the level of the real exchange rate. Finally we formulate conclusions regarding the possible means for improving the country's competitiveness.

## **Trade-off between national and regional convergence in the EU countries and in Hungary**

KRISZTIÁN KERTÉSZ

This study presents the latest achievement of the growth theories, the so-called trade-off theory, which establishes a synthesis between the formerly contrasting views, between the endogenous growth theories and agglomeration theory. The trade-off theory states that conditional  $\beta$  convergence appears both between regions and nations, but this process does not take place at a constant speed. If the speed of national convergence accelerates the velocity of regional convergence slows down, in fact, in certain cases it can even turn into divergence. Certainly the opposite process can take place as well. This essay verifies the trade-off theory with empirical evidences of Ireland, Greece, Spain, Portugal and Hungary. The study also draws some lessons for the economic policy. It concludes that the policy can not change the trade-off phenomenon by any means, but can influence the success of the economy overall. The empirical evidences show also how the various political instruments influence the rate of development of regions and states (ex. redistribution policy, development of infrastructure, improvement of human capital and liberal external economic opening).