

Brief Summary of the Articles

All-round inquiry about joining the EU and the manoeuvring possibilities of the economy policy – Part III

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 as a capability to attract foreign direct investment

GYÖRGY CSÁKI – ANDREA SZALAVETZ

As an economic actor becomes integrated in a transnational corporation (TNC) its competitiveness will have to be redefined and measured with other than the traditional indicators of competitiveness. These actors will compete in a different market structure and under different market conditions. It will face new type of competitors and its competitiveness will be determined by new factors. Competition for a TNC-subsiary is internal competition for allocation of resources. Similarly if the share of economic actors integrated in TNCs significantly increases in an economy, national competitiveness will have to be redefined and its analysis has to be complemented with new, non-traditional factors.

The authors analyze competitiveness defined as a capability to attract foreign direct investment (FDI). We discuss how this approach is related to some traditional indicators of competitiveness. We try to explain why the capability to attract FDI was seemingly unrelated to unit labour cost indicators in some Visegrád countries, or at least why the two indicators did not develop according to the predictions. We also review the reasons of an apparent lack of relation between economic growth and the capability to attract FDI. Finally we present some weaknesses of the Hungarian FDI-attraction performance and its future perspectives.

Thoughts about the development of the single European market at the beginning of the new millenium

MARGIT RÁCZ

The single market of the European Union exists since 1993. The article takes a look at the developments and unsolved questions of the past 10 years, deals with the mechanism of how to further shape the single European market as well as with the different characteristics of the member countries' behaviour. The creation and the functioning of the single European market is the biggest achievement of the integration from the economic aspect. The European Commission not only has functions in the traditional sense but also regulating functions in two different areas (competition policy and state subsidies), which results in conditions that are difficult to solve for some member states. Finally, the article reviews some typical features of the learning process in the individual member states.