

Abstracts of the Articles

Economic analyses in Spring 2018*

„Hungary’s steady economic recovery offers a window of opportunity to ensure sustainable growth in the coming decade.” The quote comes from the Country Report Hungary 2018, the staff working document of the European Commission. Will the Hungarian government take this opportunity? The answer to this question is diversified. Not the forecasts. The main research institutions see a robust economic growth about 4 percent that has been underpinned by the investments financed mostly by the EU funds and the growing home demand, deriving from the “close-up” of the wages. The growth rate is almost the same this year as in 2017, but will surely decrease in the coming years, when the extra stimuli run out. Employment reached record-highs and what is more, the shortage of the adequate labour force has been already limiting the growth of the corporate sector. The fiscal stance is loosening this year, too, but will return next year to the original path leading to the medium-term objective (–1,5 percent of the GDP)¹. The inflation will reach the targeted 3 percent of the National Bank of Hungary only in 219. Government debt is expected to remain still on a declining path. The European Commission would favour a less procyclic economic policy, but 2018 is an election year that overwrites financial rationalism.

Free trade – without the USA?

GYÖRGY CSÁKI

Immediately after the start of the Trump administration, the United States formally abandoned the Transatlantic and the Trans-Pacific Trade Agreements. In March, 2018 the US imposed two new types of additional import duties on certain goods: this measure was designated against China in particular. China did not delay to impose retaliatory tariffs and both countries turned to WTO. This raises concerns that a trade war is bound to erupt the U.S. is to shift to protectionism and

* *Külgazdaság* has been publishing the analyses and the forecasts of the economic research institutions since 2001.

¹ Commission Staff Working Document, Country Report Hungary 2018, Brussels, 2018. március 7.

to make blackmail a trade policy instrument. WTO's eventual decision challenging the U.S. can cause a serious countermeasures. Meanwhile Japan took the lead to get eleven countries to sign the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, in March, 2018. CPTPP and the two other megaregional trade agreements can this stimulate to go further with the issue of free trade. This expansion of the global free trade is possible, but the first time since 1945 without the U.S.

The scientific community has celebrated János Kornai's 90. birthday
RÉKA BRANYICZKI – MIKLÓS ROSTA

The paper gives an account of the international conference dedicated to János Kornai's 90th birthday by focusing on the soft budget constraint (SBC) syndrome research program. First, we introduce the concept of SBC and describe the fields and topics, where it has been applied extensively since 2000. Scholars building on the SBC mostly analyzed post-socialist or transition countries', especially China's economy, the role of the state during the global financial and economic crisis of 2007–2008, the nature of multi-level governance, and organizational incentives. At the conference the lectures covered case studies of governments' and municipalities' overspending and of European and Hungarian soccer clubs' persistent losses. Finally, we summarize the directions in which the SBC research program has progressed and recall Kornai's words and advices to scholars at the conference.