

# **SUMMARY OF THE ARTICLES**

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## **The adjustment – as I see it**

*László Antal*

The purpose of the study is to factually evaluate the stabilization programme started in March and not yet completed in our days. It also intends to survey, systemize, and grasp the substance of the still frequent critiques which challenge the bases of the stabilization programme entailing a radical tightening of aggregated demand and grave societal sacrifices. It also dwells on the similarly frequently raised arguments which debate the justification of rapid liberalization and of the reform of public finance, or deem to unequivocally verify their negative societal and economic impacts. An analysis of the macroeconomic processes having taken place from the turn of the decade to our very days confirm the standpoint of those who believed that the stabilization programme was unavoidable and its radical measures necessary. The paper argues that the imminent crisis was foreseeable much earlier, already in 1992, and balanced development could have been attained with preventive economic policy interferences entailing much smaller societal sacrifices. Finally, the author refutes the opinion that the stabilization can achieve exclusively transitory results which can only be maintained in the future with the aid of further restrictions.

## **Changing notions in the changing world of labour**

*Teréz Laky*

The decision to create a joint European employment policy was reached, after a lengthy period of gestation, at the Amsterdam summit of the European Union in mid-1997. But the employment summit held in Luxemburg a few months later produced very modest results, in spite of the fact that all participants agreed that it is one of the most time-critical tasks of the EU to increase employment and reduce the unemployment rate, persistently above 10 % in Europe.

In this paper the authoress discusses two main problems that hinder progression from words to deeds. First, the notion of employment has lost its conceptual clarity: in different countries, different and often inconsistent definitions apply to the registered and unregistered employed, non-employed and unemployed. Second, it is not necessarily in the interest of representative government to decrease employment taxes. The emphasis of the paper is on the special conditions and regulatory structures characterizing the Hungarian labor market.

**Outsourcing wave****Expansion of the market at the expense of enterprise hierarchies***Katalin Szabó*

The article discusses the outsourcing wave that started in the developed economies, and in whose current firms entrust tasks and functions earlier solved within the enterprise to outside entrepreneurs, frequently ceding their resources, equipment and sometimes even employees. Phenomena similar to outsourcing could be experienced even earlier, but the novelty is the intensity of the outsourcing process and that not merely peripheral functions are contracted out but also such departments, constituting the core of enterprise management, as the information system, bookkeeping, or human management. It is particularly the outsourcing of the information system that aroused attention and this is why outsourcing is identified by many with the outsourcing of information technologies. But, in the opinion of the authoress, much more than that is involved. Outsourcing is spreading also in many other fields, including the state and the non-profit sector. The big firms – becoming freed from ever more functions – turn into particular intellectual holdings which, retaining the management, regulation and marketing tasks, outsource almost their entire production process. As a consequence, the big firms get ordered into network-like formations, and their earlier employees become “nomads galloping with hired guns”. Beside the advantages, characteristics and driving forces of the process, the authoress also points out its constraints. Yet her final conclusion is that, because behind outsourcing epochal economic and technological powers are moving, a further strengthening of the trend of outsourcing may be expected.

**A model of responsible economic decision making***László Zsolnai*

In complex decision making situations the decision alternatives have to be evaluated in several dimensions. The decision maker determines the value of individual alternatives from the viewpoint of the targets set but, besides, he also has to take into account correspondance with the ethical norms and the impacts of his decision on those affected. In the multidimensional space of values thus conceived the choice of the “least wrong” possibility may mean the responsible decision.

**Comments on the evaluation of economic systems***Edmund Malinvaud*

Throughout his life, János Kornai has been engaged in studying the operation of various economic systems. On this festive occasion the author wishes to contribute a few personal ideas, on the one hand concerning the fields mentioned and, on the other hand concerning the challenges facing the economic systems of the West-European democratic systems.

**Factors of growth, price, wage and profit mechanism in the modern economy***György Simon*

Setting out from the neoclassical theory of growth and prices the author investigates the combined effect of physical and human capital, the central, determining role of the human factor, the evolutionary nature of the growth mechanism, as well as the influence of technical progress on price formation and on the wage and profit mechanism.

The growth model reviewed is a generalized Cobb-Douglas function and on this a system of models considering the particular features of the modern theory of price, wages and the profit mechanism is built. The principal conclusions are drawn from an economic analysis of the development of countries playing dominant roles in the world economy (the USA, Japan, the Federal Republic of Germany, Britain, France). The most important findings are: 1) technical progress depends on the combined multiplied impacts of physical and human capital and, in this sense, it is of endogeneous nature, 2) in a modern economy a development-oriented price mechanism influenced by technical progress and monopoly situations is working, 3) the price of the factors of production, gross profit and gross wages do not adjust to the own marginal product of the factors, but an inverse distribution system has developed: the marginal product of physical capital mostly goes to the human factor, while the marginal product of the human factor is, to about 50%, the source of gross and – within this – of net profit.