THE CHALLENGE OF GROWTH

By László Csaba

In the second decade of the 21st century Hungary faces the challenge of growth on at least three levels. First, economic growth, which grew by an annual 3.9 per cent in 1996–2000 and even by 4.2 per cent in 2001–2006, decelerated to a mere 1 per cent in 2007, i.e prior to the global financial meltdown.[1] In 2008 growth was a miniscule 0.6 per cent, followed by a deep decline of 6.3 per cent, which is truly exceptional for peacetime and considerably exceeded the EU average of -4.2 per cent. Growth resumed in 2010, however, but it was a meagre 1.0 per cent, to be followed by an acceleration to 2.5-3.0 per cent in 2011 and 3.0-3.5 per cent in 2012 according to consensus estimates. In short, levels of performance achieved already back in 2006 will be regained by 2013 at the earliest, while many other countries, such as China and India, continue to grow by an annual rate of 9 and 7 per cent respectively.

The second level is socio-political. The centre-right government won the election on a platform that was conceived as diametrically opposed to the policies of the left based on financial restrictions. While never elaborated in any detail either in academia or in governmental documents,[2] the platform can be interpreted as a new edition of the supply side economics of the Reagan-type. Based on the introduction of a 16 per cent flat tax from 2012 and immediate tax cuts for the upper middle classes and enterpreneurs, the government clearly aims to accelerate growth over and above the levels of the growth decade of 1996–2006. Cabinet members tentatively talk about a growth target of 5 per cent for 2012 and 5.3 per cent for 2013, to be sustained in the years to come. The government probably means what its members say, since the major source of lavish tax cuts, to be followed by additional pro-business measures in the February 2011 stimulus package, can be financed from additional tax revenues accruing from incremental and sustaining growth. Other tax increases were inevitable, as the government has committed itself both to sustaining the level of pensions and public services and tax cuts. This policy was deemed “unconventional” by cabinet members and risky by international agencies such as the IMF and EU Commission. Whatever our taste may be, there is no question that the success of the entire strategy hinges upon the success of accelerating growth considerably over and above the trend rate, which is usually put by econometric modelling in the range of 2.0 to 2.5 per cent per annum.

What makes the Hungarian experiment most interesting is the fact that the broad governing coalition has attained a two-thirds majority in the national legislature and enjoys nearly full control at the municipal level as well. This is a situation which never existed before in the re-established democratic framework. In political theory such a mandate allows for sweeping reforms to be implemented. Furthermore, if sequenced properly, the self-propelling nature and synergies of reforms recreate and sustain the pro-change majority for further electoral cycles. In turn, long delayed reforms in controversial areas, such as education, regional development, social cohesion (including better integration of the Roma minority), employment and the structure of public administration itself can all be elaborated, discussed and partially even launched. Although each of those stretches over a single electoral cycle, experience in many countries indicates that changes backed by a professional and social consensus do survive the personal and political constellation of the day of their launch.

And this constitutes the third level. Major restructuring in each and every area, but particularly areas relating to the *modus operandi* of millions of people, from pensions via unemployment benefits to the provision of health care, first involve costs and only later yield benefits. Analogously to the renovation of a flat, at first pains and only later are the gains visible. If the longstanding reform obligations of Hungarian society are to be abolished, growth is a must to be able to finance those forward-looking changes.

ON THE FACTORS OF GROWTH

But how could this growth, needed for more than one reason, be generated and sustained? This is one of the evergreens of economics, discussed in a number of papers and in a number of approaches. In the following discussion we employ the conventional approach and do not count on windfalls and unforseeable "big jumps" in technology or innovation, which could work as positive external shocks against the baseline scenario summed up below. We also do not consider in this article the impacts of a potential second meltdown, nicknamed double dip recession, which cannot be entirely excluded from the global scenarios.

a) *Capital accumulation* in Hungary has been traditionally low, not least because of the tradition of low private savings absorbed by public deficits, caused primarily by the financing of an overextended universalist welfare state and exacerbated by highly inefficient uses of public money for any purpose. The spending spree of households in the 2000–2008 period financed to a large degree by bank credits denominated in Swiss Francs and fuelled by the adventuresome lending practices of commercial banks translated, to a large degree, into conspicuous consumption and overinvestment in the housing sector. In a situation in which the state and households as well as the external sector were in deficit, the corporate sector has become a net saver. This represents exactly the opposite of what economic theory would suggest as a solid and sustainable arrangement.

b) The *labor maket participation rate* in Hungary in the first decade of the 2000s was around 56 per cent, in comparison with 71.1 per cent in the EU and 74.6 per cent in the USA. In plain English, at a higher level of productivity, nearly 20 per cent more citizens are engaged in wealth creation in the USA than in Hungary. Moreover, in the latter employment was already on the decline in 2001–2005 by an average of 0.4 per cent, by 0.3 per cent in 2007 and 1.3 per cent in 2008, in other words way before the crisis hit. 2009 saw a further drop of 2.8 and 2010 by additional 1.5 per cent according to ECB (Op cit. p. 43). In short, too few people are employed, and the average retirement age – real against statutory – of 56 years is ridiculously low in comparison with Scandinavian, Japanese and American standards. The share of 3.3 million retired persons in a population of 10 million is a clear sign of the size of the problem.

c) Hungary was the first to launch banking reform in the region back in 1987. The Budapest Stock Exchange was launched in 1989. On this basis one could have expected *financial intermediation* to be deep and sophisticated, thereby improved *allocational efficiency* offsetting some of the weaknesses of the deficiencies in basic factors of growth. This is, however, not exactly the case. Banking charges the highest fees and earns the highest profit rates in the entire EU. And the capital market is constituted basically by four blue chips. All major privatizations avoided floating on the stock exchange and favored politically leveraged strategic investors.

d) *Innovation* is the ultimate driver of growth in any economic theory. Also, Hungary, known from her Nobel Prize winners or the Rubik's cube, could be expected to be the country of Schumpeterian innovators. But this is not the case, not least because of underfunding of research and mismanagement of the educational system. R and D expenditures over the past two decades never reached 1 per cent of GDP against the EU target of 3 per cent. And the system of education went through a process of secular decay, by uncontrolled diversification at the lower levels and indiscriminate quantitative expansion at the higher levels. While enrollment rates expanded, employability, currently even of university graduates, deteriorated.

e) *Accession to the EU* has created high expectations. Politicians seem to have fallen victim to their own PR and believe that the box of plenty has opened up to the country and themselves. The harsh realities of the fight over dwindling EU funds, already from 2005 on, have proven different. Moreover, while drawing up to 80 per cent of eligible funds by the end of 2010, Hungary made little use of those funds in economic terms. While I personally approve of the tendency to spend EU money on non-economic purposes, such as the renovation of the Liszt Music Academy in Budapest or the renovation of the city center in Pécs, the cultural capital of Europe in 2010, the fact of the matter is that economic recoupment is not ensured via such projects[3]. Thus the EU as a source of growth generation has remained insignificant.

f) Finally *economic freedoms and rule of law,* calculability and a stable environment are shown by more recent economic research to be conducive to long-term growth. Those factors were regrettably weak in Hungary in the past two decades. Lack of transparency, frequently changing rules and regulations, and overextension of state subsidies all contributed to the opposite.

At the bottom line we should perhaps underscore: when none of the factors of growth are in good shape, sustainable growth, which would last for a decade or longer, can objectively not be brought about by *fiat.* Furthermore, economic policy-making is obviously only one among the many factors that underpin growth and performance, and perhaps not the all-important one. To the degree it plays a role, its role is rather indirect and works in the long run, while cyclical measures, such as balancing the budget or levying or not levying taxes are rather irrelevant for improving the real outcome.

THE STATE OF ART

a) Even this fragmentary summary of medium term factors of growth opens our eyes to an important insight. Namely, contrary to the mainstream view, especially among market analysts, the slowdown of growth in Hungary *has not been cyclical in nature.* While nobody denies the importance of the spillovers from the global financial meltdown of 2008–9 to any small open economy, where exports and imports taken together account for nearly 200 per cent of GDP, this is not the whole story. The more we know about the outcomes of the adjustment efforts of the Socialist governments, the more we see that restrictions in fact translated into fiscal neutrality until 2009, when only the caretaking Bajnai cabinet decided to push through a fiscal correction of about 5 per cent of GDP. Analyses of the central bank have shown that fiscal expansion contributed to 1.5 per cent of growth in both 2005 and 2006 that was covered through external debt. *Thus the real, corrected performance of the Hungarian economy was barely over the 2.5 per cent trend rate in 2005 and 2006 and stayed below it in 2007–2010.* In other words, current projects of the fiscal authority based on an *automatic return to the 5 per cent growth path are factually wrong,* as it is nothing but the nature of the econometric technique employed that warrants the politically most relevant target number. This is a mere assumption, indeed.

b) The above conclusion could be supported at great length invoking social science analyses of various sorts, proving in detail that *Hungary entered into a series of overlapping crises in the 2004–2009 period.* These include the crisis of the small business sector, the crisis in societal values, the crisis of trust in political institutions, but also at the interpersonal level, the crisis of credibility of regulations, the crisis of employment and employability and the non-sustainability of the welfare system, including pensions and health care.

Elaboration of these issues would require a monograph. We list them to illustrate that the cumulation of problems goes much deeper than meeting or missing the fiscal deficit target. At the end of the day, the latter is close to irrelevant from the longer perspective. While keeping the fiscal house in order is a sort of minimum condition at the times of the Greek, Irish and Portuguese crises, the modalities of that including *agreement or non-agreement with the IMF – are truly marginal issues in comparison with the weighty structural problems that lay at the heart of the non-sustainability of inherited arrangements across the board.*

c) Here we must come back to a point raised before, i.e the *conflictual nature of stabilization and structural reforms.* While stabilization, especially during a calendar year, tends to require command and control measures, structural reforms never work by decree. If anybody would doubt this point, let us refer back to the Bokros adjustment package of 1995 and the Gyurcsány reforms of 2006–2008. In both cases broad social resistance translated into political opposition, culminating in the collapse of the reforming government.

For this reason deeper analysis is not supportive of the financial media view of identifying fiscal cuts with progress and structural change. This is widespread, but it is a fallacy. As seen above, change is always and everywhere costly, be it the reconstruction of the soccer team of Manchester City or that of the hospital system. For this reason fiscal stringency might incidentally be counterproductive. Officials may declare victory by showing smaller costs, while the outcomes – be they better scoring/qualification to Champions' League or healthier citizens – are likely to be missed. This is a real danger in a country whose partners are more concerned with protecting the European Fiscal Stabilization Facility framework against short-term speculation than with harvesting the fruits of structural reforms in any country in the medium run. Cuts alone will never cure Hungary, no matter how virtuous or per se justified they may be.

d) In line with the broader international political economy literature we have to draw attention to the following. Sustaining growth comes never and nowhere as an outcome of continuous improvizations, of ad hoc decisions, or of experimentation with never tested ideas. On the contrary, the literature is unanimous in the past five years on the *paramount importance of such factors as trust, calculability, transparency and stability of regulations.* Those conservative values, once considered to be soft components in the more technocratic growth literature, are now back on the main stage.

Those insights have by no means been invalidated, but rather have been strengthened by lessons from the 2008–9 global financial crisis. While the government did intervene, did slip back into old fashioned Keynesian remedies, by 2010 the imminent need for an *exit strategy,* i.e. discontinuing ad hoc interventionism and returning to rules-based policies, both on the monetary and the fiscal level, has become a commonplace in the EU.

If this is the case, then public speculation over introducing the single currency in the cycle following the one after the current one, i.e. in 2019 or 2020, is positively counterproductive, if for no other reason than because it transmits the image of an administration unable to choose from among the conflicting suggestions and considerations and drifting instead of committing itself to the conservative values listed above. In the latter case the expectation might well be self-fulfilling.

e) Nobody doubts the relevance of the *small business sector.* It has a number of obvious and irreplacable advantages for the economy and society in any civilized human community. To name a few: it is a hotbed of innovative ideas, it breeds individual responsibility, it spreads the enterpreneurial spirit, it trains the future medium sized entrepreneurs, it creates employment, it creates stakeholders in a democratic society, as well as respect for private property. These virtues are needed not only for the transition period, but all across the existence of an open society. Support for small business thus is in the focus of the policies of any centre-right government. By contrast, meeting the still widespread sentiment asking for state protection against anything is likely to backfire, e.g. via higher taxes and proliferating regulations, killing SMEs or pushing them into the irregular sector.

Meanwhile it would be misleading to claim that *transnational corporations* are just a form of bloodletting for the Hungarian economy. Under our conditions up to 70 per cent of exports are generated by the TNCs. Over 75 per cent of health and pension contributions paid in the social security funds are derived from TNCs. Structural upgrading of industries and exports, technology transfer and on the job training is everyday practice in the TNCs in Hungary, as documented by a number of case studies. They provide financial and communication services, as well as competitive prices previously not available.

The crux of the matter is that TNCs are vital in two respects. First, they are formative for the macroeconomic performance of Hungary. Second, through their forward and backward linkeages, they generate the sustainingly growing domestic market for small business. As the latter is marginal in exports, the notorious debt problem of the country will lead to renewed restrictions on the domestic market unless the continuous growth of exports is secured. Therefore the two sectors should not be played off against each other.

f) In line with our diagnosis, the government adopted the slogan of *creating one million new jobs* by the end of the decade, and as much as 400 thousand by 2014. This normative view represents a call for approximating, at least in terms of labor market participation, the Czech Republic, where this level of employment is a reality in a country of Hungary's size.

In assessing the feasibility of this target we need to recall that except for in introductory chapters of elementary textbooks, *employment is not an independent variable for policy-making, but an outcome variable.* Even at this very elementary level it matters if technology employed in a plant is labor intensive or capital intensive. It matters if it is more profitable to employ machines than workers. It matters, if employees are cooperating or not, if they may be laid off or not, if they have good qualifications, including command of foreign languages and computer literacy, or not.

Thus, in order to enhance improvement taxation broadly speaking needs to be simplified and the consolidated tax burden considerably lowered. The latter does require major cuts in fiscal expenditures. Third, the substitution rate between incomes from social transfers plus irregular economy versus formal employment must be radically changed to the advantage of the latter. Fourth, the nature of education needs to be changed. Transmitting the value of work, as well as qualifications – allowing you to obtain skills rather than arbitrarily chosen items of science – is an urgent task. Let us add: it is not so much higher education that needs to be re-tailored, as the governments in the 2004–2011 period attempted. The real trick is to revive elementary and secondary schooling, allowing non-college students to be employable at all. The latter include social skillls, computer literacy, command of foreign languages, and preferably also manual skills of some sort. This is quite unlike the current supply, which is a physically extended and qualitatively watered down version of the classical secondary school of the humanities.

This subsection concludes therefore, that the simplistic idea of *tax cuts generating jobs in a quasi-automatic fashion is yet another myth* of the popular or voodoo economics spreading via the tabloids and public discourse. Lowering the tax burden, in the medium run, and targeted to investments in productive small business, rather than the cuts directed to further the consumption and financial investment of upper classes, as happened under the Bush junior presidency in the US, *may be one of the instruments. But it works, if it works at all, in synergy with a number of supportive policies, in a single package.* We have yet to see the development of such an integrated strategy in Hungary, though it is already overdue, as is evident on the basis of facts listed above.

In the absence of such a strategy meeting the 1 million new jobs target may be a mirage. First, room for improvements via doctoring statistics has already been used up by previous governments. Second, tax cuts for a small business in a suffocating environment may lead to more capital investment or more consumption, not to more employment. Third, young persons should be induced to obtain qualifications allowing them to be employed on the market, rather than ones following ideological postulates of quality, free orientation among skills, or unlimited learning ability of individuals over their life cycle. Otherwise *neither the willingness nor the opportunity to be employed will be present.* Cutting social transfers may help to some degree, but this is not the entire story and definitely not the forward looking part of it.

PERSPECTIVES AND POLICY ASSESSMENT

Until now we have focused on factors for long term, sustainable growth. *This is a given set of conditions for any government.* Now it is time to come to the hot potato, namely if and to what degree policies of the new right wing government, inaugurated in May 2010, follow the normative suggestions derived from academic insights, not from exigencies of administering any economy and running a populous parliamentary caucus. It seems that the latter has developed a centre for decision-making on its own, which has not been the case in the previous five parliamentary cycles. We are aware of the fact that *the two considerations never overlap.* We also are aware of the dangers immanent in not having sufficient perspective in time to assess policies unfolding for the most part only now. Uncertainty, both in terms of facts and evaluations, is thus greater than usual.

a) The second Orbán government received an *ambiguous heritage.* On the one hand, the caretaking Bajnai government did succeed in warding off bankruptcy, did institute some of the more painful reforms, such as increasing the retirement age, and did not have to resort to the larger half of the 20 billion Euro EU-IMF-World

Bank standby to stabilize banks. The latter incidentally allows Hungary to cut external exposure from 82 to about 73 per cent of GDP in 2011 by returning the unutilized assets to the IMF.

On the other hand, the Bajnai administration had already inherited a murky set of business-politics relations and contested deals from the preceding two Gyurcsány cabinets. The list of deals triggering action by the law enforcement organs is numerous, from the ill-fated underground railway project of Budapest to the bailout of Malév Hungarian Airlines and the Sukoro casino development project. In many other instances deals to the detriment of public coffers, just on the borderline of legality, were found. Software purchases with revoking periods of 24 months and many of the like were uncovered. Expenditures were delayed to the second half of the year, thus in the absence of intervention a general government deficit of 7.5 per cent instead of the actual 3.9 per cent would have ensued. The latter was declared openly unacceptable by the EU President Barroso and Chancellor Merkel upon the formation of the new government.

From this state of affairs two features followed. First, the government *needed to raise revenues, and it did so in a series of improvizations,* by imposing crisis taxes and nationalization of private pension funds. Second, the government also seems to have been fully and lastingly absorbed in fighting criminal or apparently criminal deeds of the past, and little if any energy remained for elaborating long term projects.

b) The new team has been extremely *ambitious to re-tailor the system of checks and balances as they evolved in the 1989 round table talks* and were strengthened by the rulings of the Constitutional. A strongly majoritarian view and re-interpretation of the institutional arrangements has been given weight not only by the usual nominations in the top civil service positions, but also by trimming the competences of the Constitutional Court and – by modifying its statutes in December 2010 – of the central bank. The independent Fiscal council was abolished and public media centralized and controlled even more than under the Left. A new, controversial and interventionist media law was adopted and dual citizenship was instituted for Hungarians living abroad. A new Constitution was adopted in April, a new Civil Code is to be passed, and electoral districts are being re-tailored. In short, *non-economic issues dominated the agenda.*

In the meantime *a strange duality* has evolved. On the one hand, visionary multiyear projects were launched involving the re-tailoring of higher education, the acceleration of growth (the New Széchenyi Plan), the flat tax project, and the Semmelweis Plan to restructure health care. On the other hand, *day-to-day economic decisions have not followed any medium or longer term logic*, but were largely improvized. Nothing comparable to a medium or long-term corporate strategy was promulgated. The latter is known to feature a SWOT analysis[4] and pursuant decisions on measures, competences, responsibilities and finances in an integrated fashion. Such plans are elaborated usually at least in three variants – baseline, pessimistic and optimistic scenarios. If there are uncertainties, as is the case in the contemporary global economy, forecasts tend to be given with a margin of error, as happens with the inflation forecasts of the National Bank of Hungary. In this narrower sense no formal business plan for the medium run exists nearly a year after the current government assumed governmental responsibility.

c) *The new governmental structure introduced with the formation of the second Orbán government has yet to prove itself.* Based on giant super ministries and aiming at minimizing decision making at the top level, the conventional coordination tasks seem to have been weakened. They were already in poor shape as a consequence of the politicization of administration under the Socialists, the bloodletting to the private sector and the continuous improvizations over the entire past decade. Rejuvenation of civil service translates into laying off persons with considerable administrative experience and employing cheap and ambitious/loyal people instead of competent persons selected via competitive exams as is the case in France or Japan.

Letting fresh winds in is always an opportunity. But *weakening coordination* inevitably has a double effect. First, contrary to the original intention, most if not all *decisions are being taken increasingly at the top level,* chiefly by the Premier and in part by the top of the parliamentary caucus of the ruling coalition. Second, as a consequence, improvization is not to be avoided, it is becoming the name of the game. No wonder that the toughest questions have become those which are routinely answered by the bureaucracy, such as sequencing measures to introduce the single currency, timetables to phase out the crisis taxes, or ensuring stability of regulation. The basic law of the country was changed 15 times in 9 months, and so were tax laws and other regulations.

d) *Interventionism in economic policies* – and to a no lesser degree in other fields – has become a manifest feature of management. One may wonder, if it is an unintended consequence of the aforementioned lengthy switch-over – from opposition to governmental position – or it is a reflection of a change in economic philosophy. Some members of the government, such as development minister Tamás Fellegi, repeatedly speak of a more state led economic model, the Premier denounces the end of free market solutions (along the lines of President Sarkozy), but *no coherent exposition of change of hearts is detectible* to this author.

Interventionism is detectable in every corner, from micromanaging the consequences of the environmental catastrophe in Transdanubia to the highly differentiated application of crisis taxes, by the sector and by the market players.

Capping the remuneration of public officials across the board, no matter how popular, rewrites long term contracts, and so does the nationalization of private pension funds. Re-tailoring taxes accruing to local municipalities was yet another case in point.

No measure can be assessed in its own right. In a number of cases, urgent action was either needed or was feasible, demanded by the public or by supporters of the ruling party, on occasion by the investigative journalists. The only thing we may know at a certain level of abstraction is that interventionism breeds further interventions, and *transparency, calculability of the regulatory environment is bound to diminish,* for small and big business, for households and foreigners alike.

e) One of the chronic problems for growth acceleration has been *the low and diminishing innovation potential of Hungary*. The low level of spending, and especially the meagre role of business expenditures on research, is a warning sign on its own. The crisis taxes hit corporations with expansionary potential. Cuts in funding for medicines are likely to deter R+D of transnationals already working in Hungary. Delaying developments may be followed by some divestment. True, Hungary does remain a hospitable place for strategic foreign investors, as witnessed by the large investments of Audi and Mercedes during the new era. However, news of delayed investments, relocating divisions, personnel layoffs are much more than empty gossip or urban legends. In a world of global competition for good quality foreign investment, Hungary may lose relative position and thereby competitiveness.

The diminishing quality of the quantitatively overextended university and college education is one of the platitudes both among professors and business executives. The damage brought about by the so-called Bologna process, which was implemented in a simplistic and cost-saving manner, needs to be remedied. The new leadership of the Ministry for Human Development already started to act, but action will take years. Moreover, for employability it is *primary and secondary education* that really matters. And while everybody has an idea of how to improve it, *nobody is willing to put money behind the ideas*: neither the central government, nor municipalities, not even churches. And the citizens' vote against tuition fees in the national referendum of March 2008 is a clear sign of the preferences of the average voter. And over the past 60 years, governments (including the current one), the last resort, have been quite reluctant to regroup funds for this seemingly not very pressing task from areas with stronger lobbying power, such as agriculture.

To translate all this in dry economic terms: neither the physical nor the human capital formation seems to favour a model based on the exceptional innovative capacity of the nation, one of the broadly held myths of the past few decades.

CONCLUSIONS

This essay aimed to take stock of the factors of growth for the Hungarian economy. This is explained by the laming of the past years, the low level of output and employment and the potential for catching up with more advanced EU countries, as postulated both by neoclassical and integration theories. The new majority of 2010 has always been critical of the policies based on restrictions alone and has called for pro-growth policies. *We attempted to test theory on the empirics*. Thus we contrasted the policy measures of the first year of the new super-majority with the conditions required for sustaining growth, as elaborated in economic theory. We have found that the first year was largely spent on creating the new administrative, political and personnel structures of power, and the overall agenda tended to be dominated by non-economic issues. In turn, the favourable turn in social atmosphere is yet to be complemented by an operational growth strategy in the sense of a business plan. In the absence of this, drifting and improvizations will most likely be the order of the day. The Hungarian economy may well grow, but only at the rhythm set by its trend rate, which is currently put in the range of 2.0-2.5 per cent per annum, or less than half of that conceived and advocated by top cabinet members.

Our final verdict goes as follows. *There is no easy jump, in any economy, away from the trend rate of growth.* Professional economic policies, mobilizing the hard and the equally important soft factors of growth, such as trust, transparency, rule of law and innovative behavior, which is a function of the former, may work miracles. But they never come without a price, and never come quasi-automatically, without strategic management by the government. In so doing, majoritarianism may well be less of a matter of taste than political theory has it. We are unaware of any economy that could have caught up and improved its competitiveness in a sustainable manner where *broad societal and professional consensus over the terminus as well as over the road leading to it* would not have supported it. From Scandinavia to South Korea this feature had to be elaborated, sustained, and nurtured, not at the cost of pluralism, but definitely limiting the free imagination of the *hommes politiques* in comparison with the romantic images of the earlier period.

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[1] Source here and unless otherwise indicated: ECB: *Statistics Pocket Book,* December, 2010. Frankfurt/M, p. 39.
[2] It is perhaps telling that the formal strategy, the New Széchenyi Plan, elaborated by 500 prominent intellectuals, falls short of providing numerical targets. Likewise the fiscal plan of 2011 is tellingly silent on medium term macro trajectory, although the Convergence Plan as well as the European Semester in the EU would positively have required these forecasts in quantitative terms.
[3] As the EU is not a corporation, it does not have to recoup costs, nor do the funds of the EU follow such a microeconomic logic, either in theory or in practice. The expectation was thus false, but omnipresent in the political class and the business community alike.
[4] SWOT – Strengths, Weaknesses, Opportunities and Threats – a commonly used business method to evaluate feasibility and practicality of corporate strategies.