

Public policy challenges in the new decade

The aim of the conference organised on 10 May 2010 by the Research Institute (RI) of the State Audit Office of Hungary and the Hungarian Economic Association under the title *Public policy challenges in the new decade* was to give the wider professional community an insight into the professional activities of the nearly ten-year-old RI¹ in connection with the shaping of public policies. The top priority research activity of the RI is the modernisation of public finance regulation. From this point of view it examines whether or not the operation of the state, and of its different subsystems support the efficient utilisation of public funds. Last autumn the RI issued a publication on the expedient role of the state, and in April this year a collection of studies came out under the title *The public sector and economic competitiveness – empirical results and lessons*, which presents the results of multidisciplinary research conducted in conjunction with the Competitiveness Research Centre of the Budapest Corvinus University. A study written during two ongoing research projects also formed part of the conference materials. The organisers of the conference decided to present and discuss the studies through thematic panel discussions instead of choosing the classic form of lectures/consultations.

■ *The first panel* discussed the study titled

The concept of the renewal of national economic planning, during which the members of the panel² investigated how the planning system could be modernised to be able to promote the establishment of a strong and efficient state.

■ The basis for the *second panel* discussion was the RI study analysing the financial situation of the local governments. The subject matter of the panel discussion is telling, too: *Is the conflict container full?* The question refers to the fact that in the past two decades the local governments have been assigned several difficult public tasks without receiving the resources required for the completion of these tasks at the appropriate quality level. The members of the panel discussions³ were seeking the answer to the question whether or not the local governmental system still contained some economic and financial reserves, or the situation can be saved only through the radical transformation of local governmental regulations.

■ The participants of the *third panel*⁴ discussed the impact of the public sector on economic competitiveness on the basis of the collection of studies published by the RI and the Competitiveness Research Centre of the Budapest Corvinus University, seeking a way to make this impact even more positive.

The *Public Finance Quarterly* now undertakes to convey the messages of the confer-

ence, as much as possible, even to those people who could not attend the event in person. Therefore, we did not simply prepare a brief summary, but published the edited versions of the two opening speeches of the conference, as well as the initial contributions to the first two panel discussions. The background for the third panel discussion was provided by the study volume titled *The public sector and economic competitiveness – empirical results and lessons*, which can be downloaded from the SAO website. Therefore, here we briefly present the studies of the volume, and as a sample we publish an article written jointly by *Árpád Kovács*, former President of the SAO and *Gusztáv Báger*, former director general of the RI, which sums up – based on the studies included in the volume – the major modernisation recommendations outlined pursuant to the SAO audits and consulting activities.

The conference was made more lifelike by the fact that instead of lectures the experts that had been asked to contribute covered the most important issues of the studies in the form of panel discussions. It is difficult to render such

an effervescent discussion in writing, so we asked the panel members to make their contributions available to our editorial staff. Some of them wrote down their concise answers to all of the questions raised, while others elaborated on certain topics. Therefore, by publishing the brief but versatile writings of the panel members we could transfer not only the content, but also the climate of the discussions.

Naturally, the organisation of such a conference is not an end in itself. By presenting and discussing the RI studies the senior staff members of the State Audit Office and the RI intend to provide assistance to those people who will prepare the public policy decisions at the level of the national economy, or at the individual local governments in the coming years or in the coming decade. The editorial staff of the Public Finance Quarterly dedicates most of this issue to the presentation of the messages of the conference also in the hope that they would get to an even wider group of experts, and would thus contribute to the more effective forming and implementation of the public policies.

NOTES

¹ Between 1 January 2001 and 31 December 2008 the institute functioned under the name Research and Development Institute (RDI) of the State Audit Office of Hungary

² Éva Palócz, General Director, TÁRKI-KOPINT, Tamás Halm, Secretary General, Economic and Social Council, László Faragó, Deputy General Director, Centre for Regional Research Studies of the Hungarian Academy of Sciences, Pál Becker Director General, SAO, moderator: Gusztáv Báger Scientific Consultant, RI

³ Ilona Kovács Pálné, University Professor, Director, Centre for Regional Studies of the Hungarian Academy of Sciences, Transdanubian Research

Institute, Gábor Péteri, Institute for Local Governmental Development (Open Society Foundation), János Atkári, Manager for Local Governmental Issues, Financial Research Plc., Zoltán Lóránt, Director General SAO, moderator: András Vigvári, Scientific Consultant, RI

⁴ Árpád Kovács, University Professor, President of the Hungarian Economic Association, Erzsébet Czakó, Director, Budapest Corvinus University, Institute of Business Economics, Ádám Török, full member of the Hungarian Academy of Sciences, member of the Fiscal Council, András Vértes, Chairman, GKI Economic Research Co., moderator: Gyula Pulay Director General, RI