

OECD Seminar on Environmental Policy Planning
„Win-win ideas in Sustainable Development”
19 October 2016
Ministry of Agriculture, Budapest

Efforts and results

Hungarian experiences of the past 26 years

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The great dilemma!

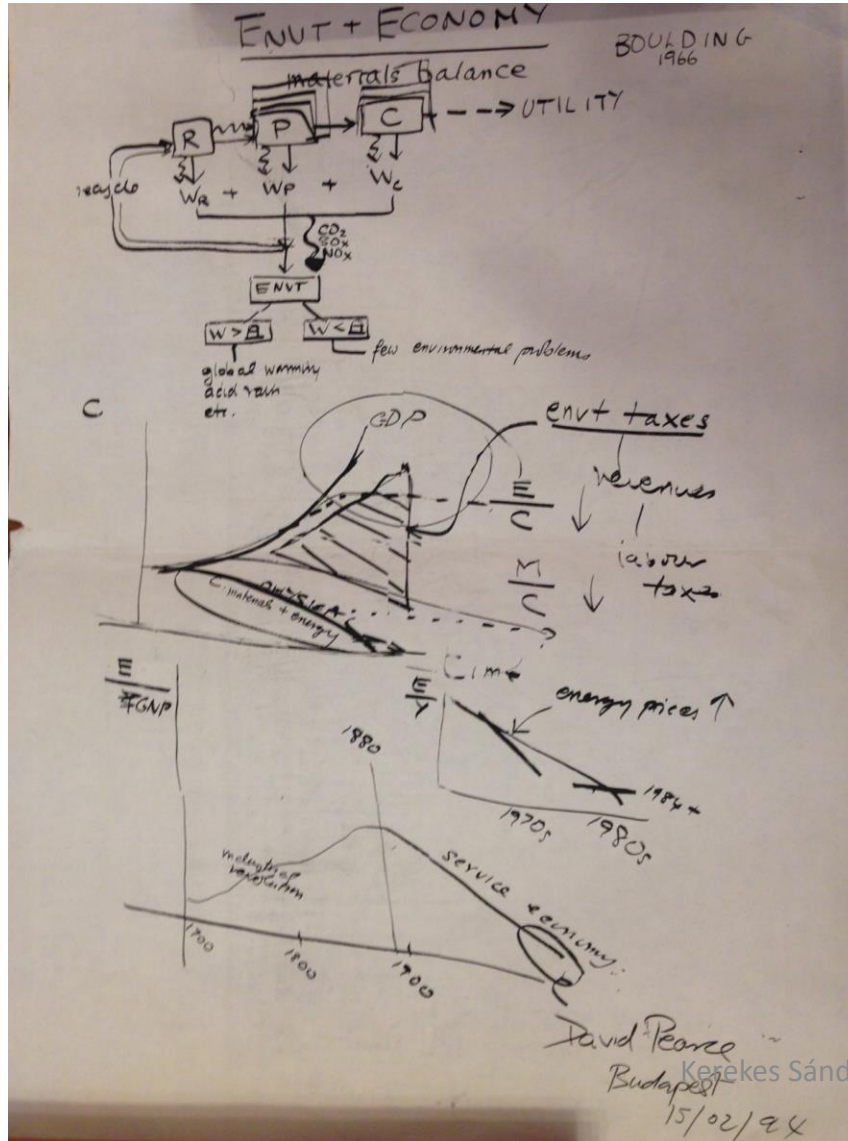
- ☐ People want to live better and want a better life for their children as well.
- ☐ Governments want to ensure economic growth, improve living standards, increase employment and intend to reduce poverty,
- ☐ The business world wants to grow and become more profitable!
And we know that the world has to cope with the challenges of hunger and climate change as well!

☐ Can all of these happen at one time?

Pearce (1989): economics could make to the reform of environmental policy!



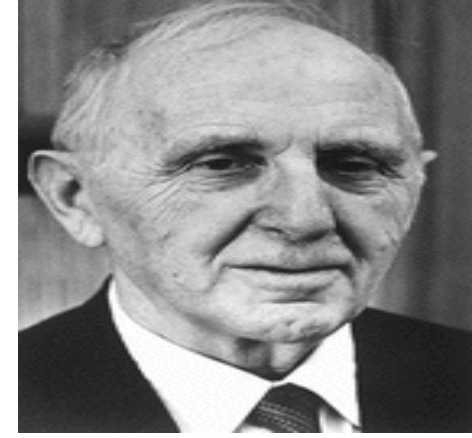
David William Pearce,
environmental economist, born October 11 1941; died September 8 2005



With two colleagues, Anil Markandya and Ed Barbier, Pearce published his best-selling environmental manifesto, *Blueprint for a Green Economy*, in 1989. It was hailed by this newspaper as a "political event of the first importance". Widely known as the Pearce Report, it was a concise and persuasive statement of the key contributions that economics could make to the reform of environmental policy. It advocated basing policy on the criterion of "sustainability", valuing environmental effects, and making use of market incentives - all recurring themes in Pearce's work.

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Economic growth: the wrong measure

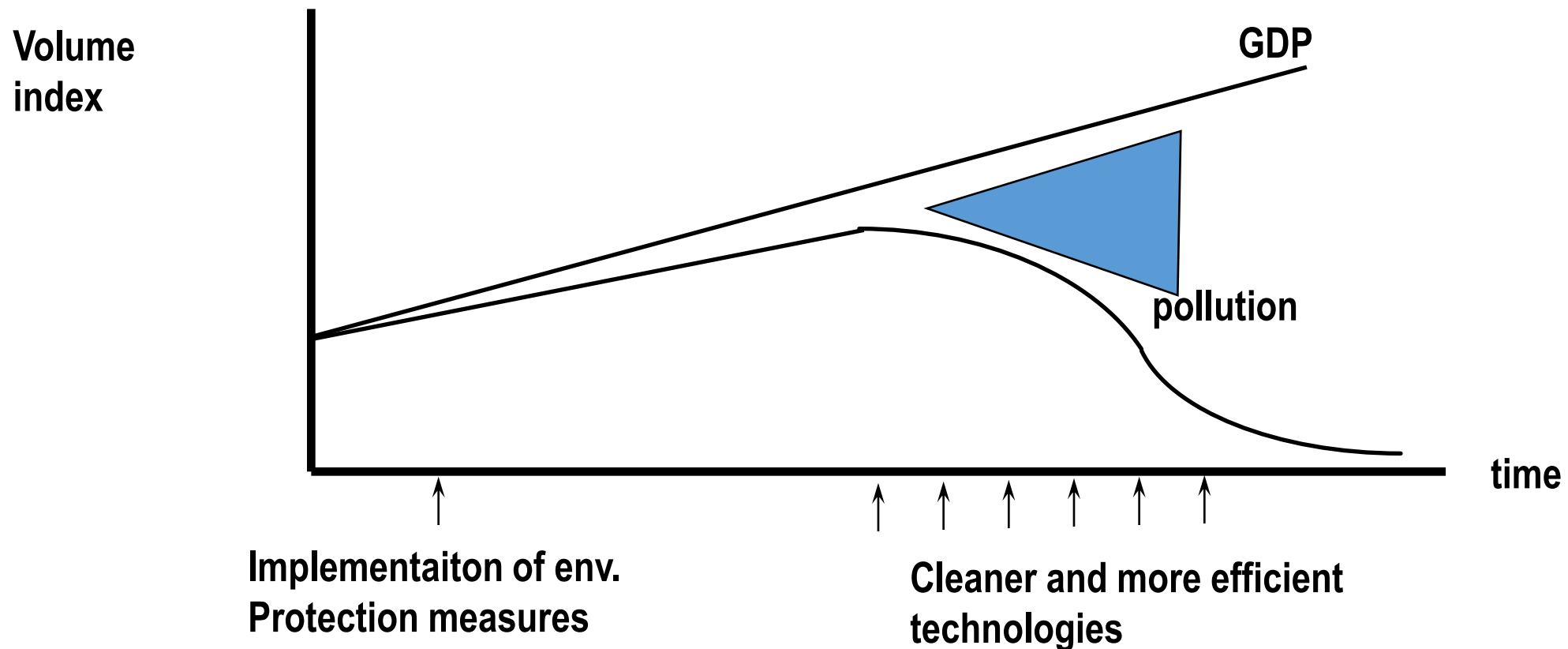


Simon Kuznets
Nobel Laureate 1971

- The EKC hypothesizes that the relation between income per capita and emissions has an inverted U shape.
- At relatively low income levels, emissions increase with income, but after some “turning point”, emissions decrease with income.

„Kuznets” curves

Theoretic model*

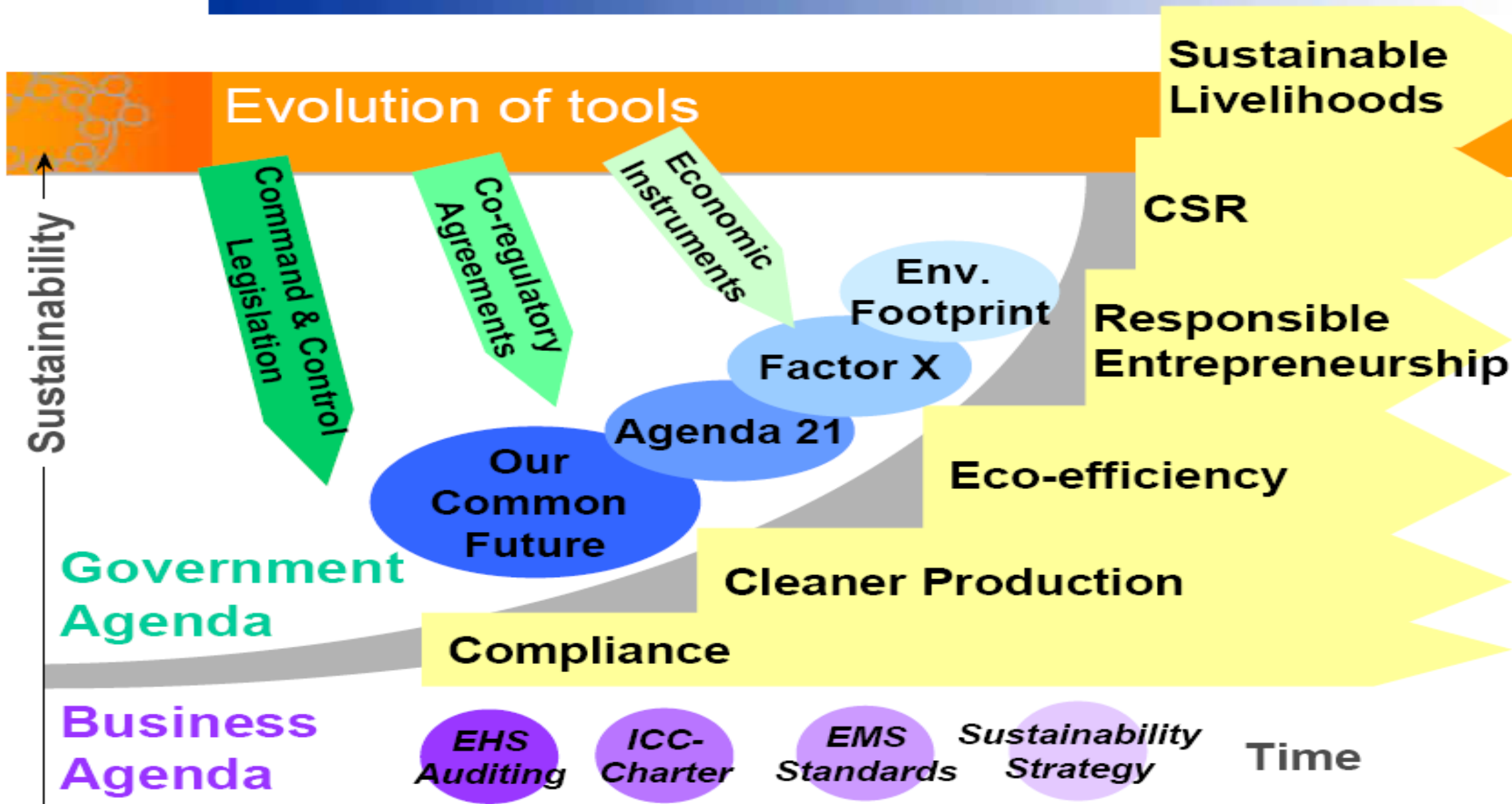


*Source:
OECD 1991
U.S. Environmental Protection Agency 1991. 40. oldal

Drucker: Business enterprises

- “Business enterprises –and public service institution as well- are organs of society. They do not exist for their own shake, but fulfil a specific social purpose and to satisfy a specific need of society, community, or individual. They are not end in themselves, but means. The right question to ask in respect to them is not, what are they? but, what are they supposed to be doing and what are their tasks?” (Drucker, 1986) p. 27

Theoretically it could happen,
but the evil is in the realities



Reactive or preventive environmental policy

Characteristics	Reactive	Preventive
Theoretic background	Pigouvian taxation Penalties, norms, tax	Institutionalism (Coase) emission trading, voluntary regulation (EMAS, ISO 14000 etc)
How it works?	Differentiation by media and by pollution types	Integrated, holistic
Typical activity of the authorities	Controlling, penalizing, permitting, damage control	Planning, collaborative problem solving, consulting

What would be the real question ?

- „we should try to produce our product with less energy and waste” without ever asking whether the products were needed at all.”
- **The real question is** “What kind of world do I want to create?” Increasing number of companies and even business schools saw themselves as being stakeholders in the creation of a very different kind of world, a sustainable world where people lived well. All of them.” (Muff, et al., 2013)
- (Muff, K., Dyllick, T., Drewall, M., North, J., Shrivastava, P., and Haertle, J. (2013), “Management education for the world: A vision for business schools serving people and planet”, Cheltenham, U.K., Edward Elgar.)

The GDP/capita of the World doubled between 1999-2011.
 The World population increased only with **20 % !**



Save

	1995	2013
EU 28	15100	26600
Magyarország	3400	10200

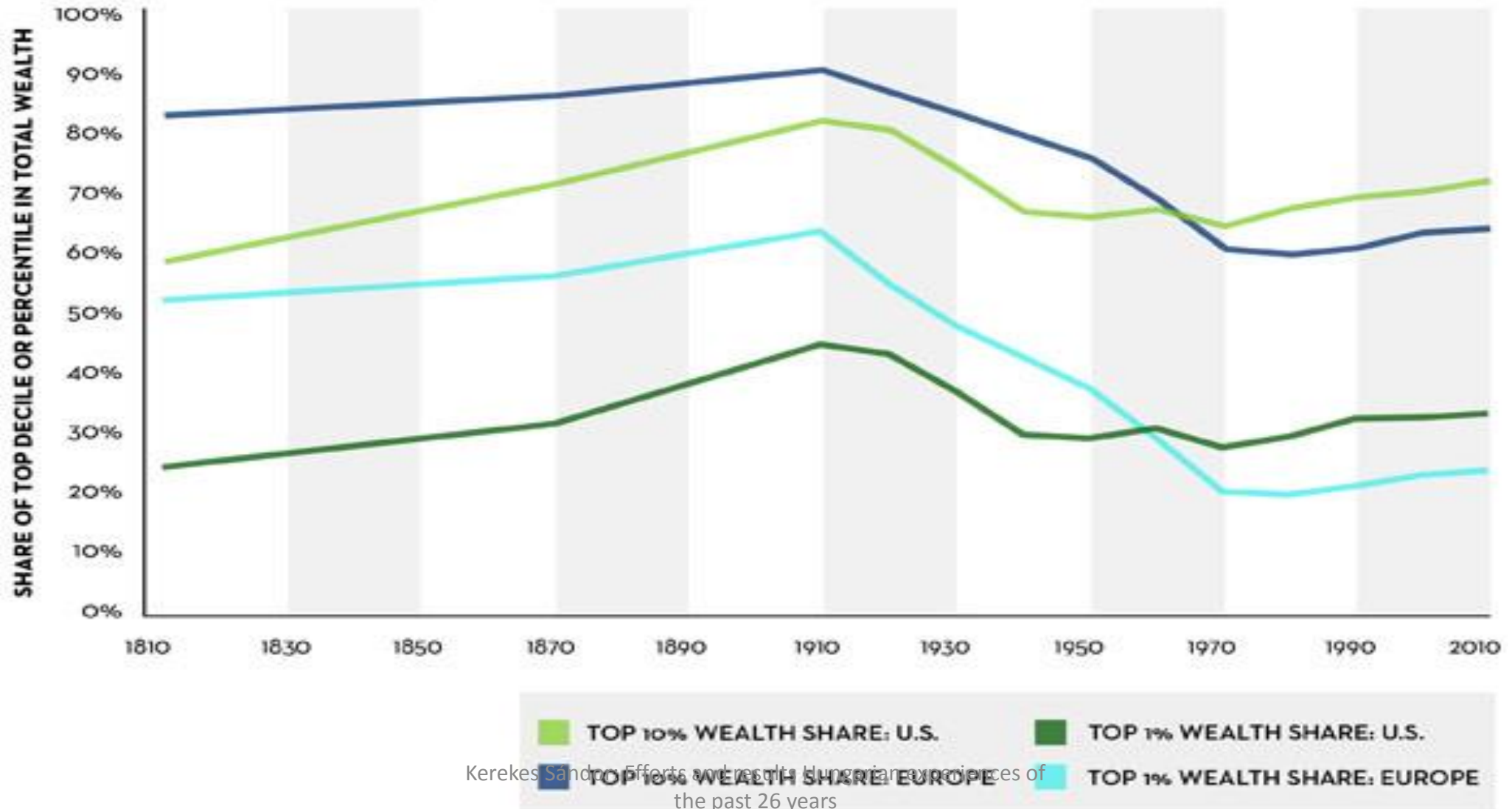
Country	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
World	6,800	7,200	7,600	7,900	8,200	8,800	9,500	10,200	10,000	10,400	10,400	11,200	12,000

Capitalist social pacts

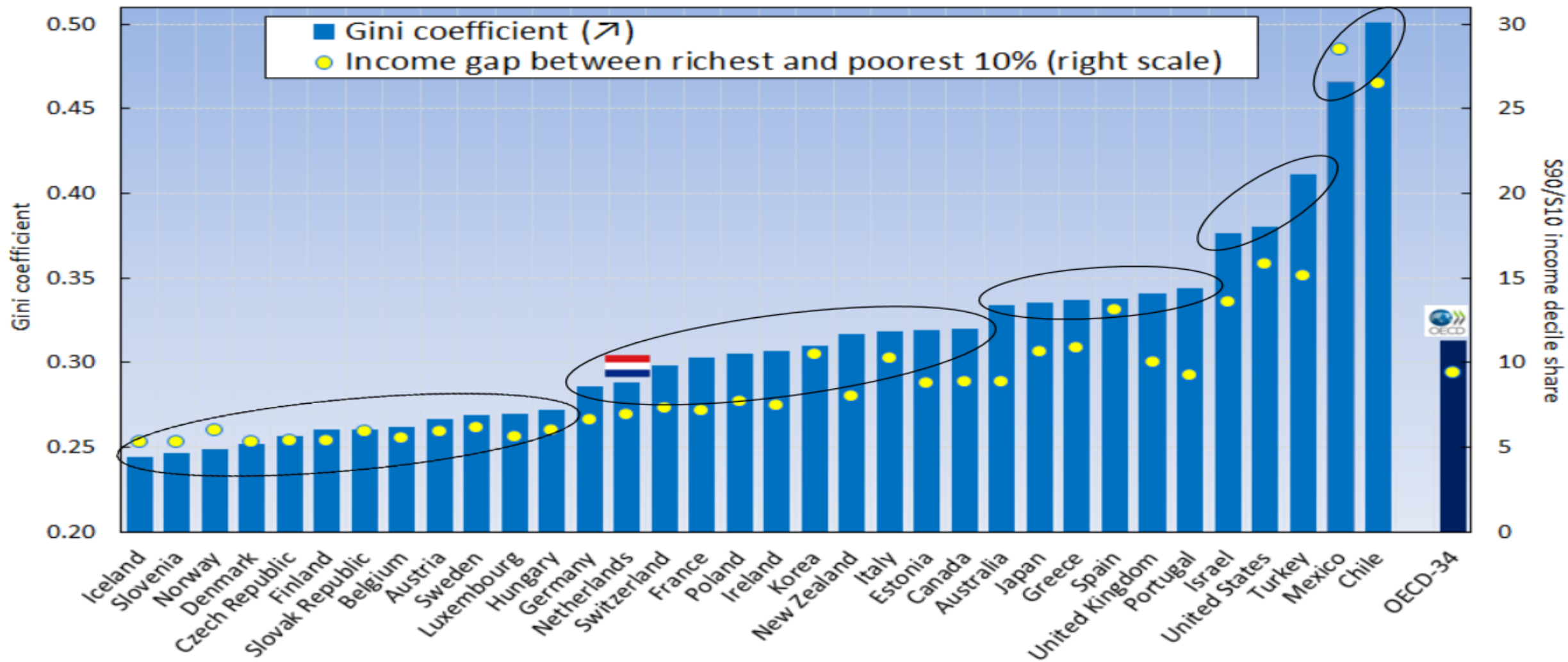
Macroeconomics	Society The State The Individual	The Capitalist Firm
Keynes 1883-1946	Corporatist Welfare State	Worker participation
Hayek 1889-1992 Friedman 1912-2006	Individualistic Atomistic	Shareholder value
Schumpeter 1883-1950	Relational Paternalist	Rent-reinvestment

The wealth inequality is lower in Europe, but increasing

WEALTH INEQUALITY: EUROPE AND THE U.S., 1810-2010



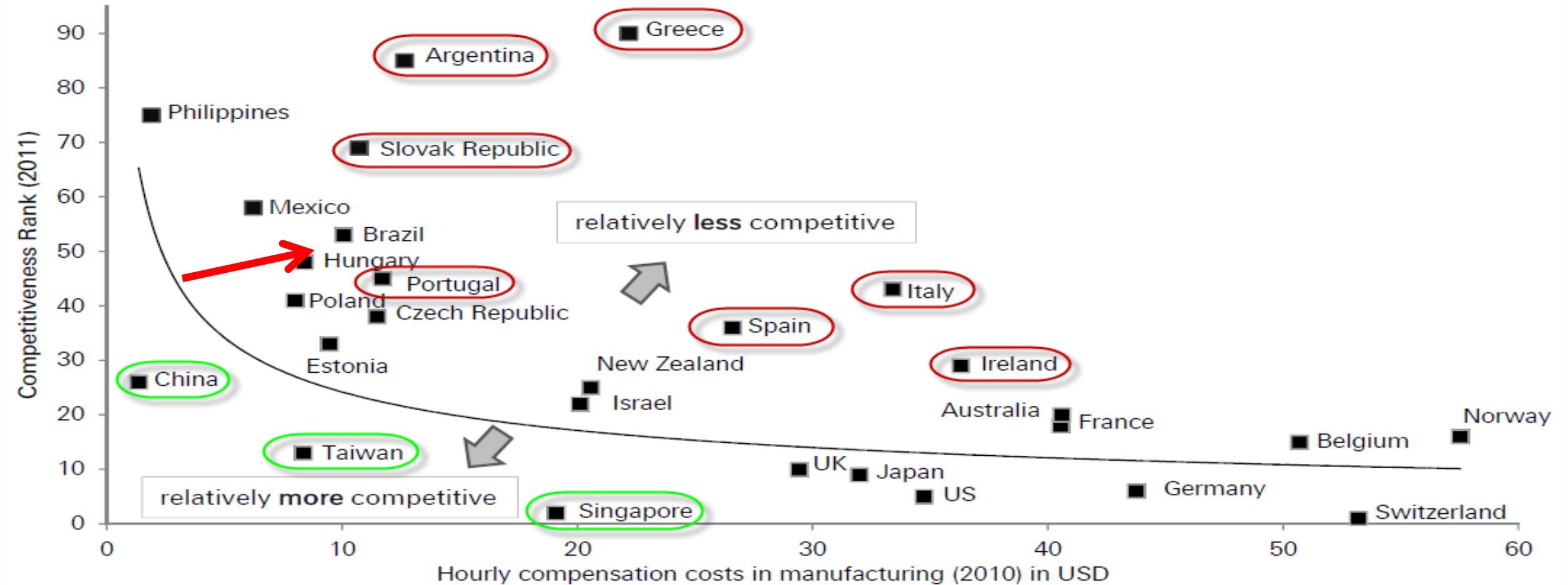
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Data refer to 2010. Source: OECD 2013. *Note:* The Gini coefficient ranges from 0 (perfect equality) to 1 (perfect inequality). Gaps between poorest and richest are the ratio of average income of the bottom 10% to average income of the top 10%. Income refers to disposable income adjusted for household size.

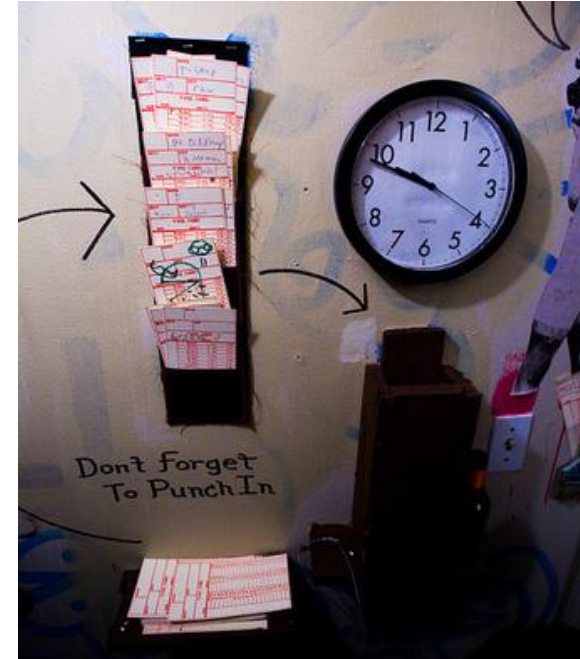
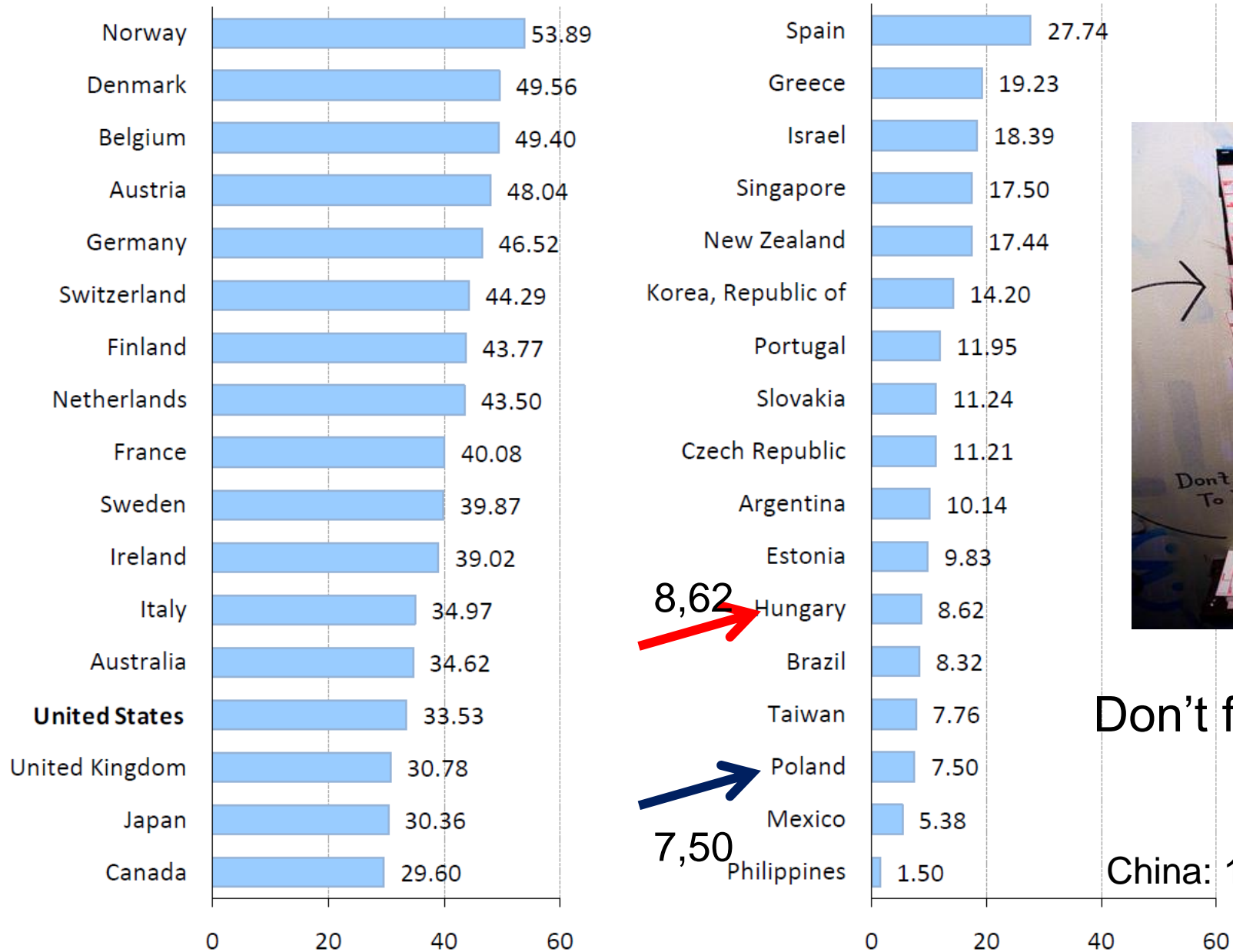
Competitiveness vs. Hourly compensation costs in manufacturing in 2010

Figure 154: Competitiveness vs. hourly compensation costs in manufacturing (2010)



Source: Bureau of Labour Statistics; WEF; Deutsche Bank

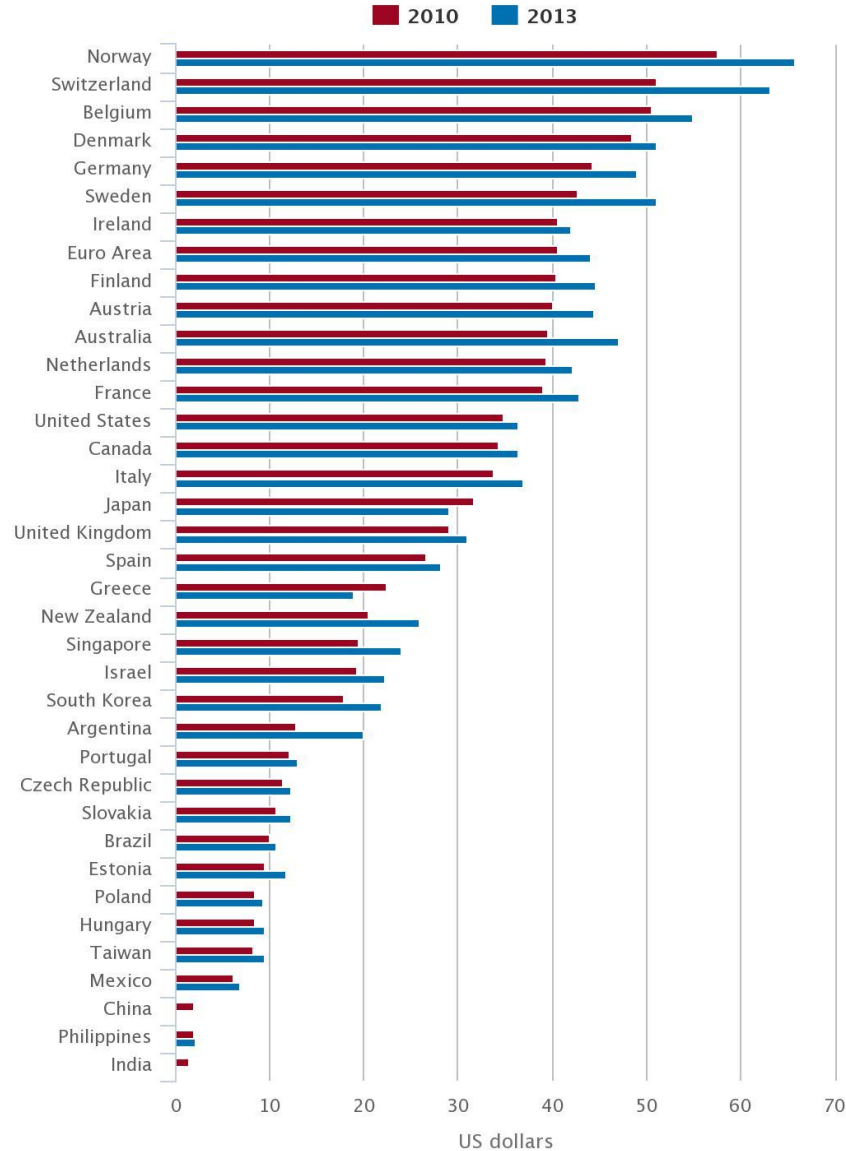
Chart 1. Hourly compensation costs in manufacturing, U.S. dollars, 2009



Don't forget to punch in!

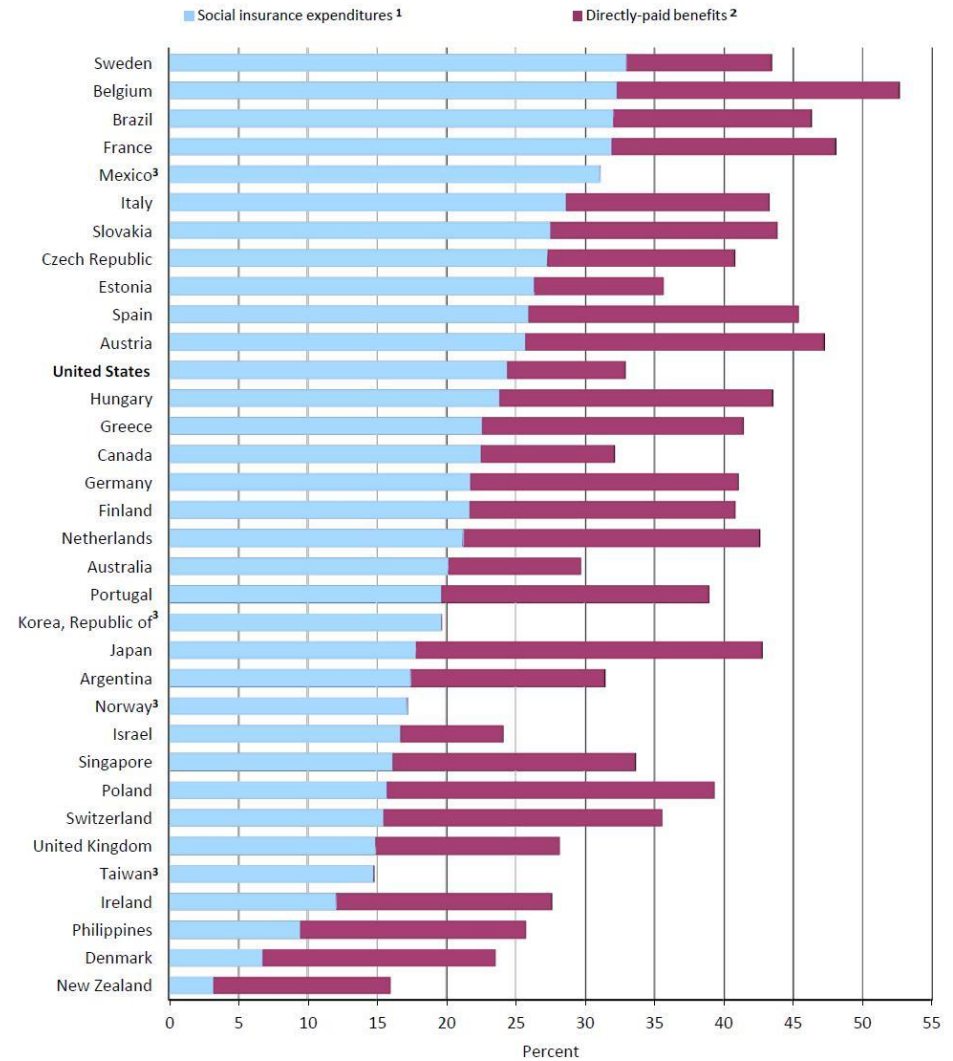
China: 1,36 India: 1,17

Hourly compensation costs in manufacturing, US Dollars, 2010 and 2013



Compensation costs include direct pay, social insurance expenditures, and labor-related taxes. Data for China and India are not strictly comparable with each other or with data for other countries. For complete definitions, country information, and a description of data limitations associated with estimates for China and India, see the Technical Notes and Country Notes supplementing this report.
Source: The Conference Board, International Labor Comparisons program

Benefit components of hourly compensation costs as a percent of total compensation, 2010



(1) Social insurance expenditures include labor-related taxes net of subsidies.
(2) Directly-paid benefits are primarily pay for leave time, bonuses, and pay in kind.
(3) For Mexico, Republic of Korea, Norway, and Taiwan, separate measures of directly-paid benefits are not available.

Source: BLS

<https://www.conference-board.org/ilcprogram/index.cfm?id=28269>

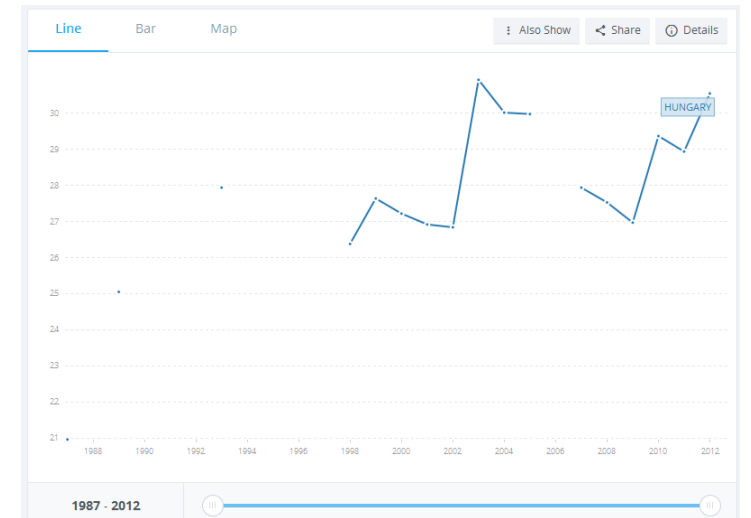
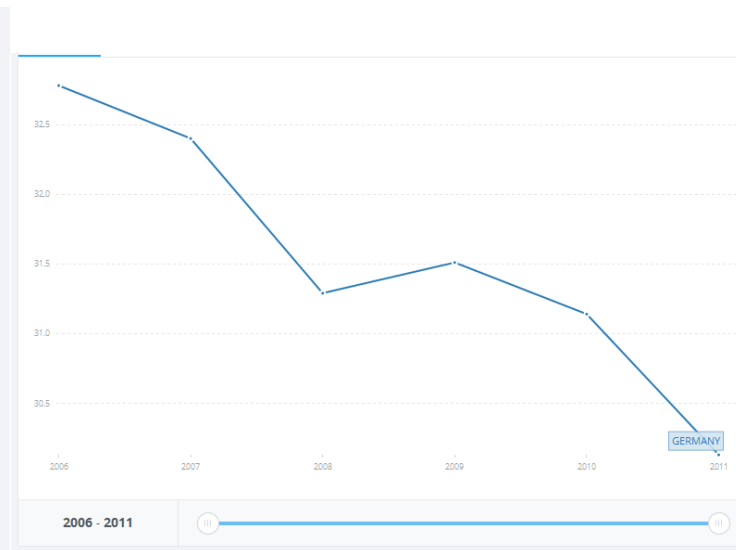
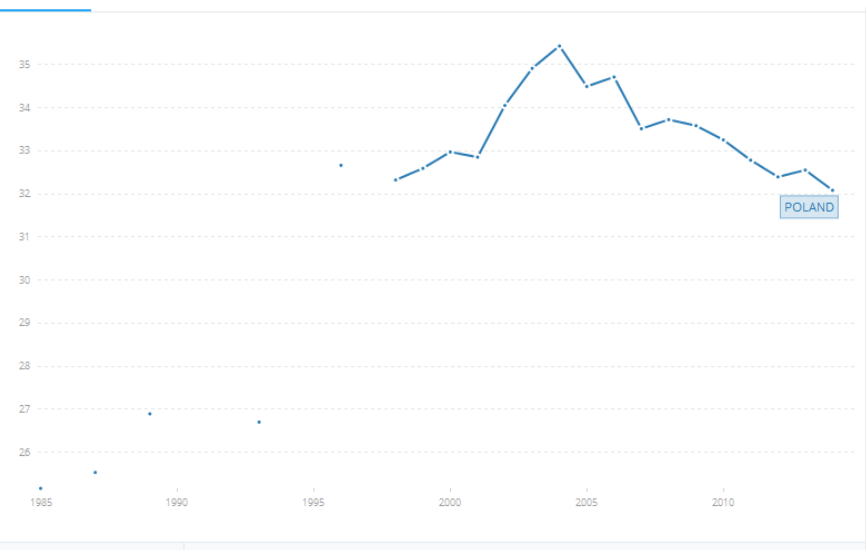
Social pacts in 2013 in Europe

	General government spending % of GDP	Total tax revenue as % of GDP 2013	Gini koefficiens 2012
Czech R	42,0	34,26	26,1
Germany	44,1	36,53	30,1
Hungary	49,9	38,37	30,6
Poland	42,1	31,9	32,1

<http://www.oecd.org/tax/tax-policy/chart-a-total-tax-revenue--gdp-2013.htm>

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Gini index: Poland, Germany, Hungary



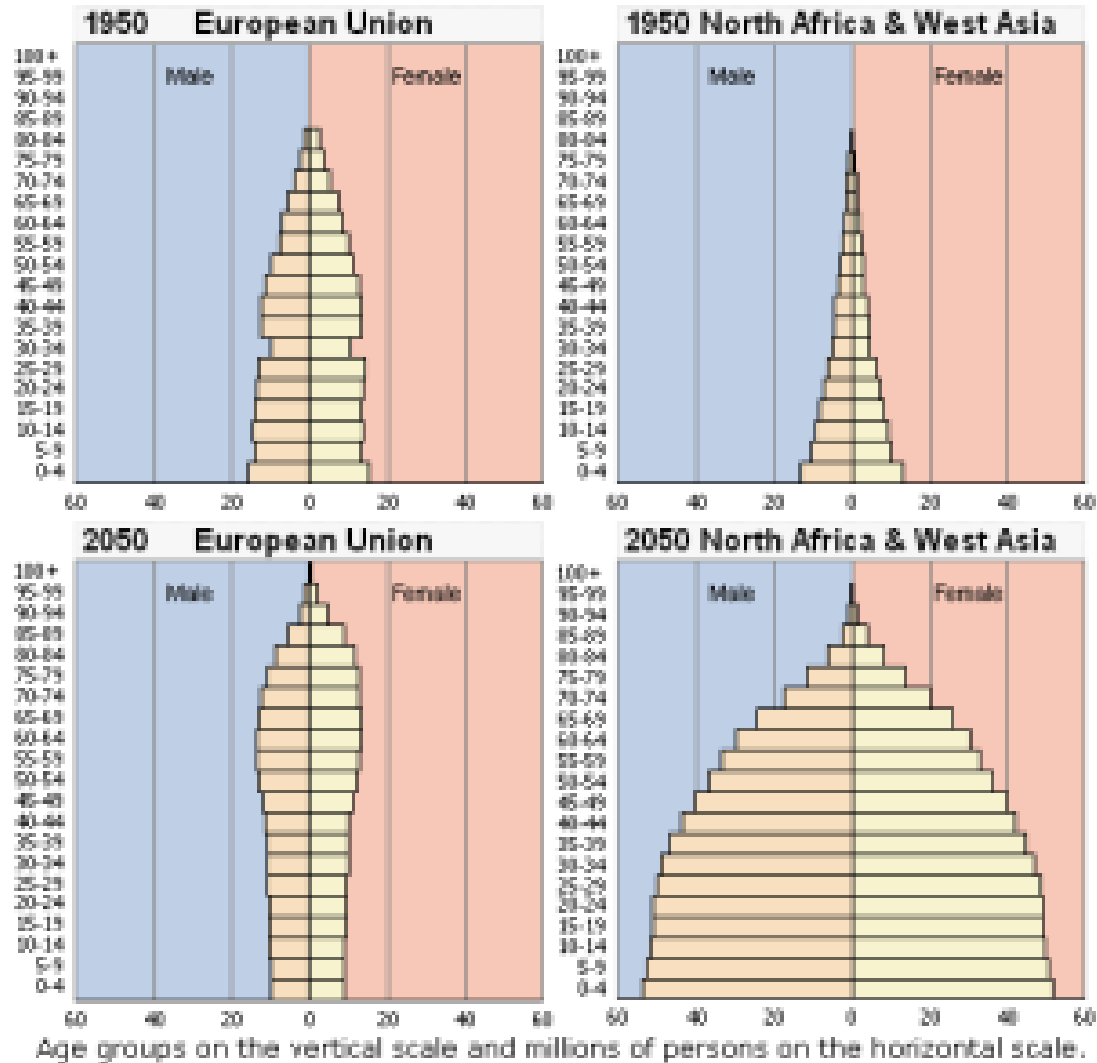
The Gini index mainly increasing but not rapidly (1989-2012)

Country	1989	2004	2012
Austria		29,9	30,5
Bulgaria	23,4		36,01
Croatia	22,8		32,5
Czech Rep.	19,4		26,1
Greece		34,0	36,7
Hungary	25,5	30,02	30,06
Poland	26,89	35,43	32,1
Slovak Rep.	19,5	28,94	26,1

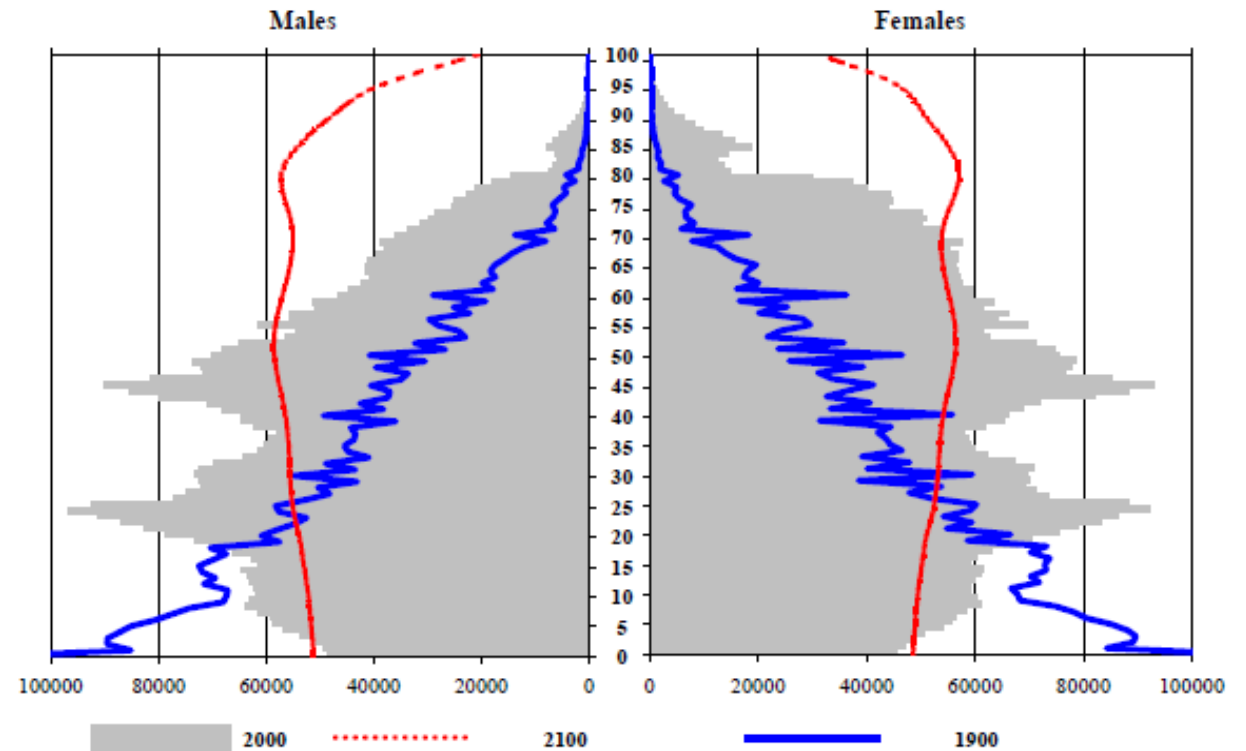
http://data.worldbank.org/indicator/SI.POV.GINI?locations=BG&name_desc=false

An inverse population bomb in Europe with huge disturbances in Hungary

Pyramid or dome?

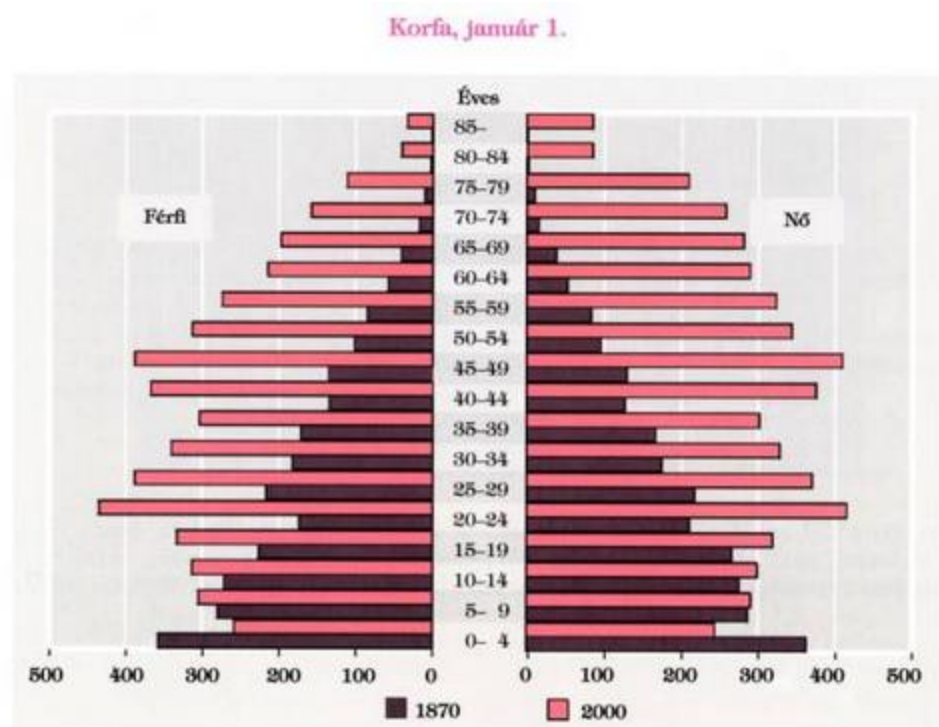


Age pyramid of the population of Hungary, 1900, 2000 and 2100

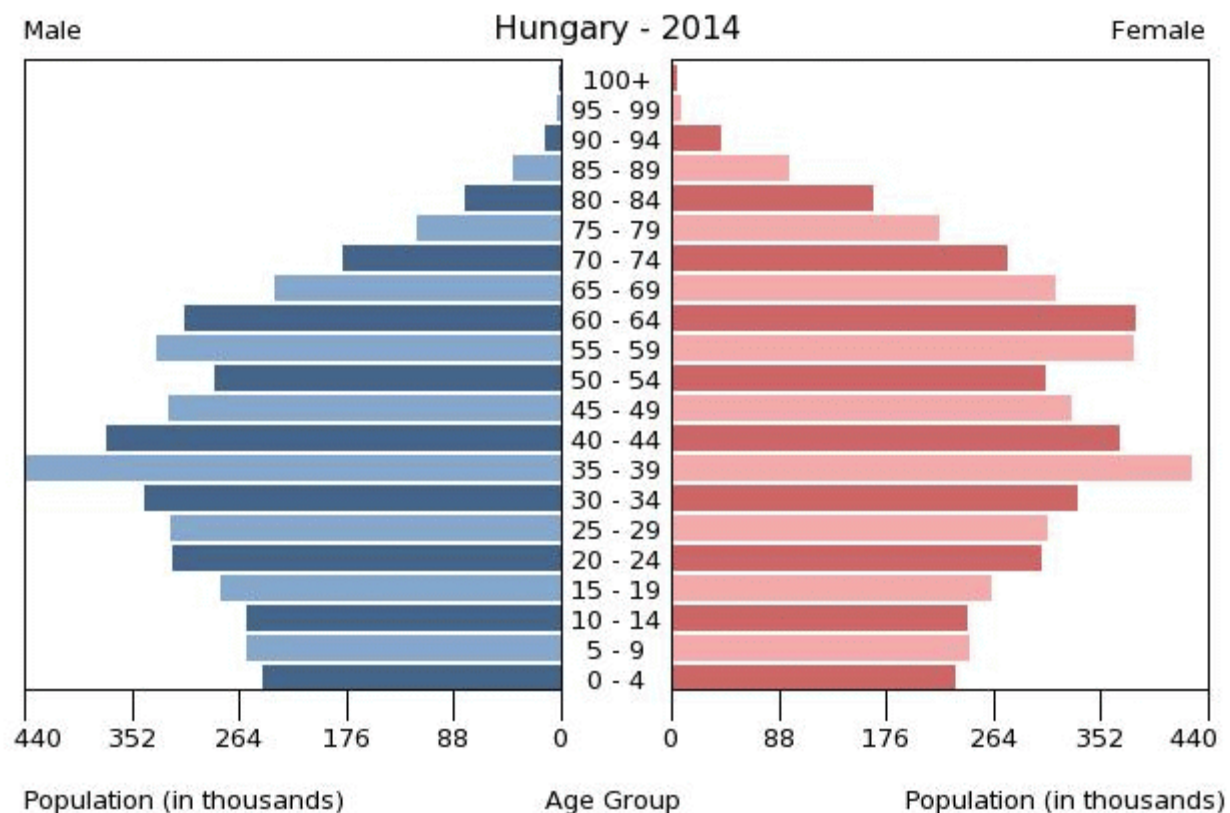


Source: Projection database of HCSO DRI, 2003

Ratko time(1949-53) and what else?



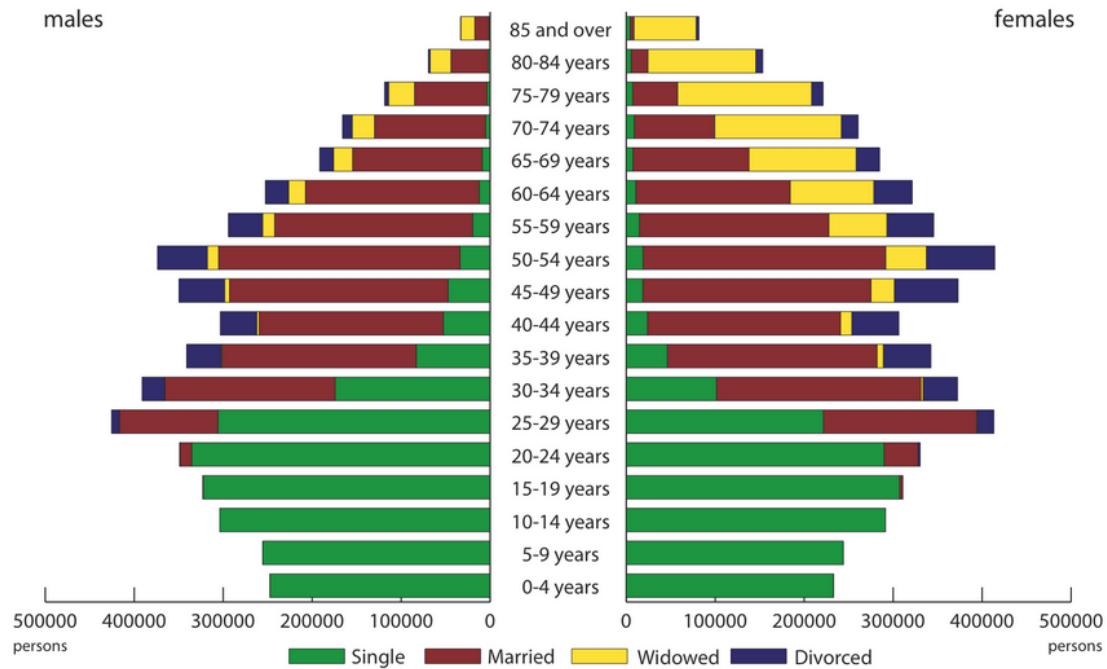
Source: Évszázadok Statisztikája. KSH, 2001. p. 30.



Source: CIA World Factbook - This page was last updated on October 8, 2016

The pyramid of Alsószentmárton (100 % Romany inhabitants) like in China?

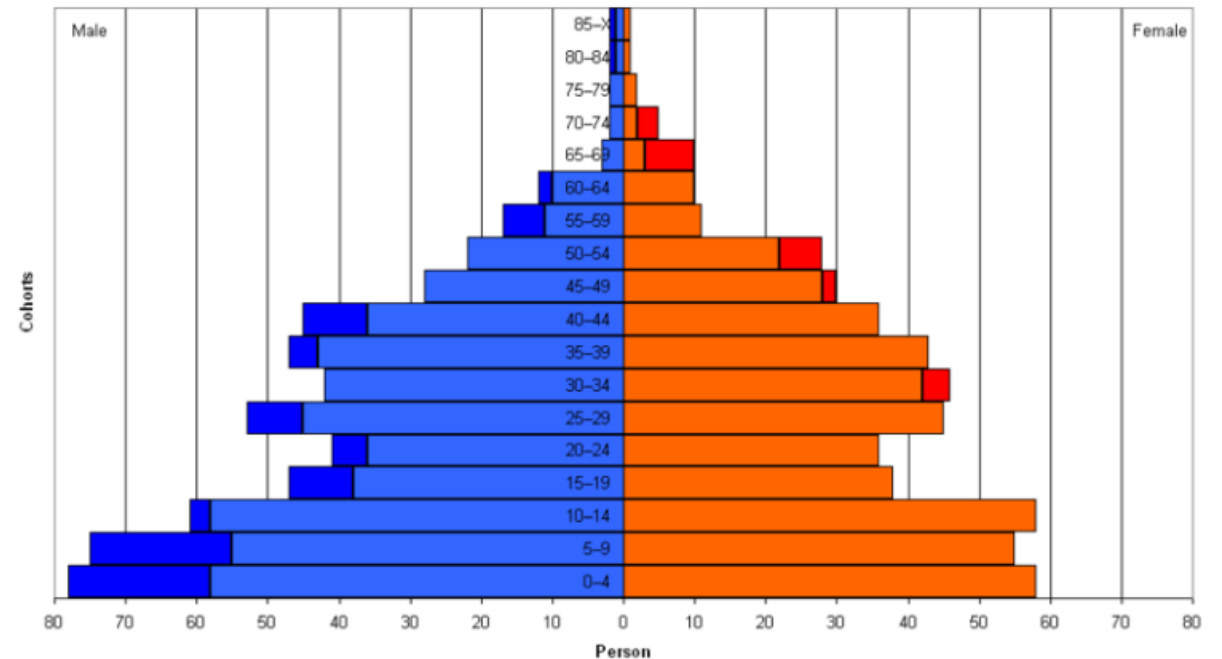
Population pyramid of Hungary



Source: Hungarian Central Statistical Office

2005

Population pyramid of Alsószentmárton, Hungary (2001)

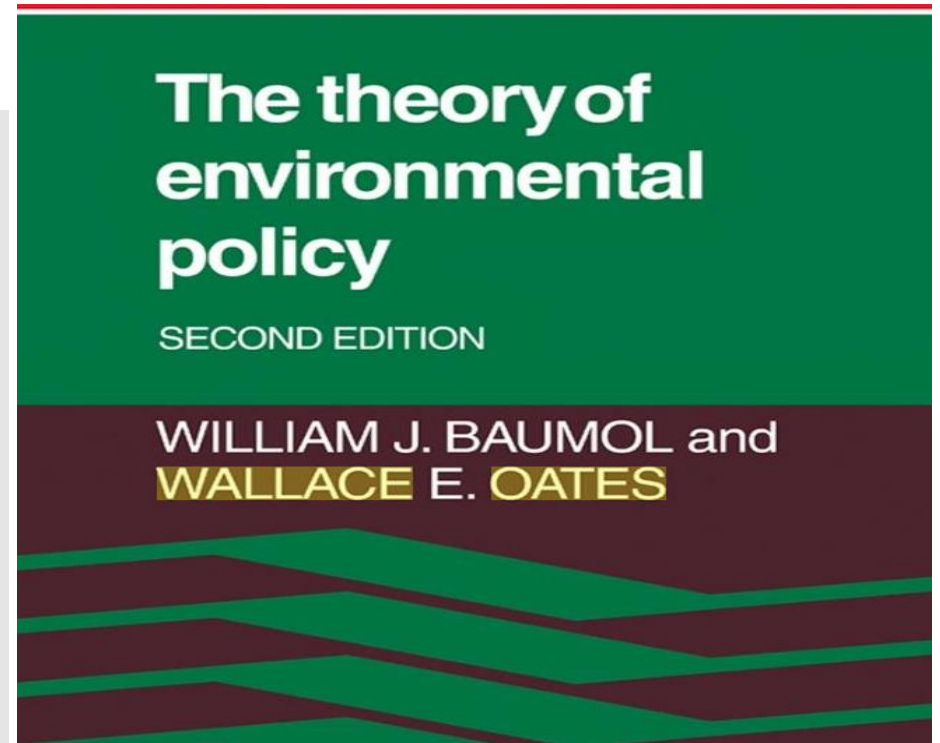
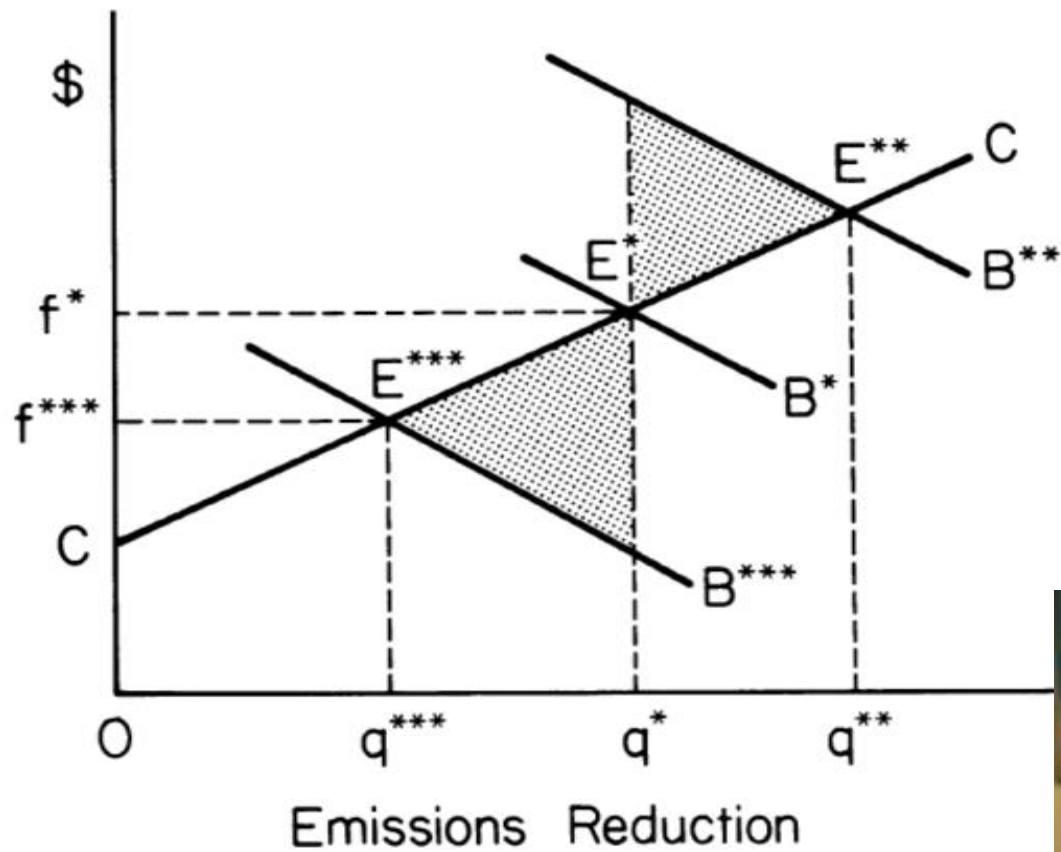


n pyramid of Alsószentmárton (100% Romany inhabitants)



The necessity of regionalism

- **highly varied geographic, social and economic factors would suggest the wider application of the principle of regionalism. As regional disparities in environmental quality lead to social and economic inequalities, prudent area and urban planning could play a crucial role in the prevention and resolution of development problems.**



Fiscal Federalism

[Wallace E. Oates](#)

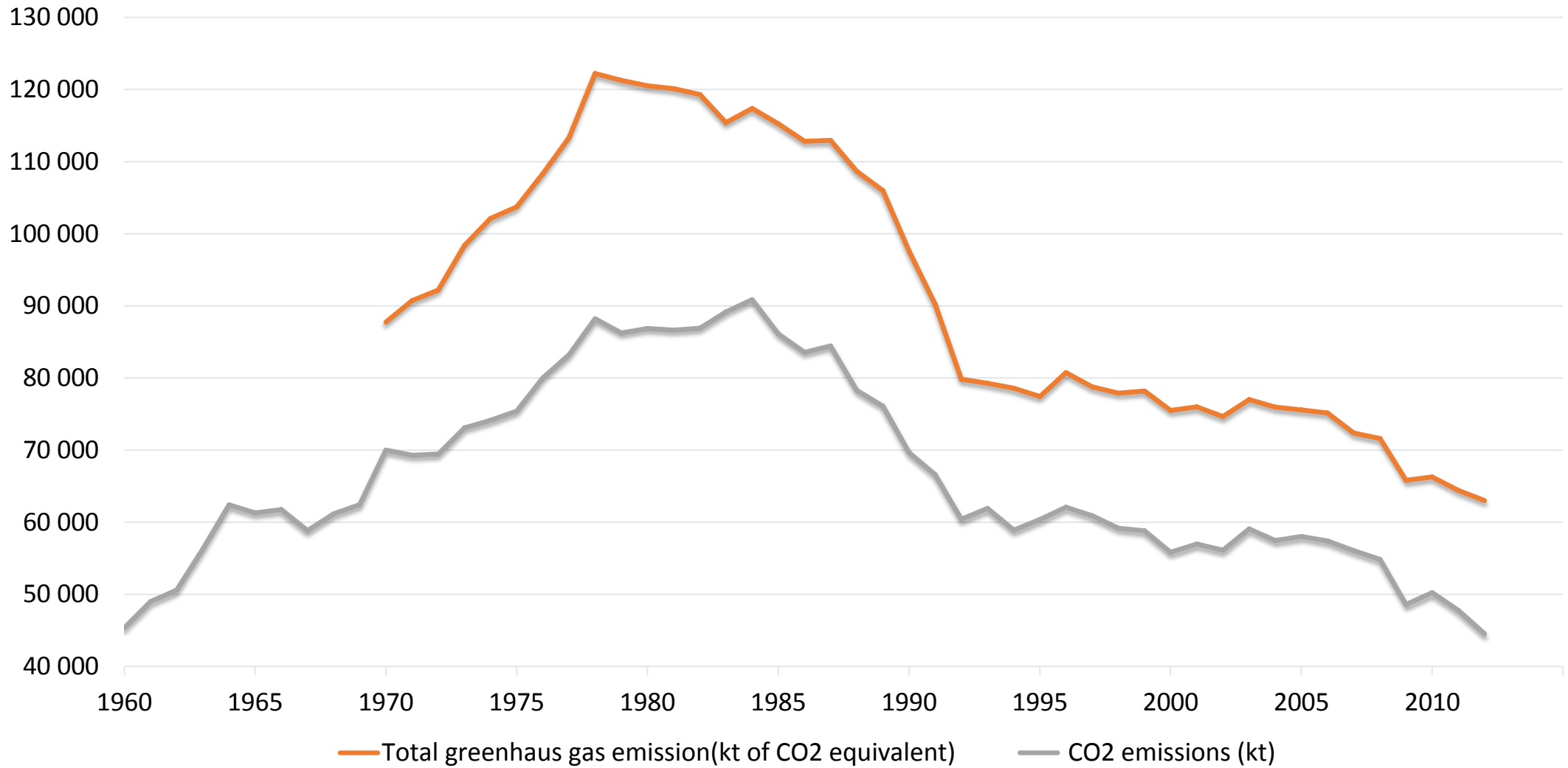
Wallace E. Oates, Professor of Economics, University of Maryland, College Park and University Fellow, Resources for the Future, US

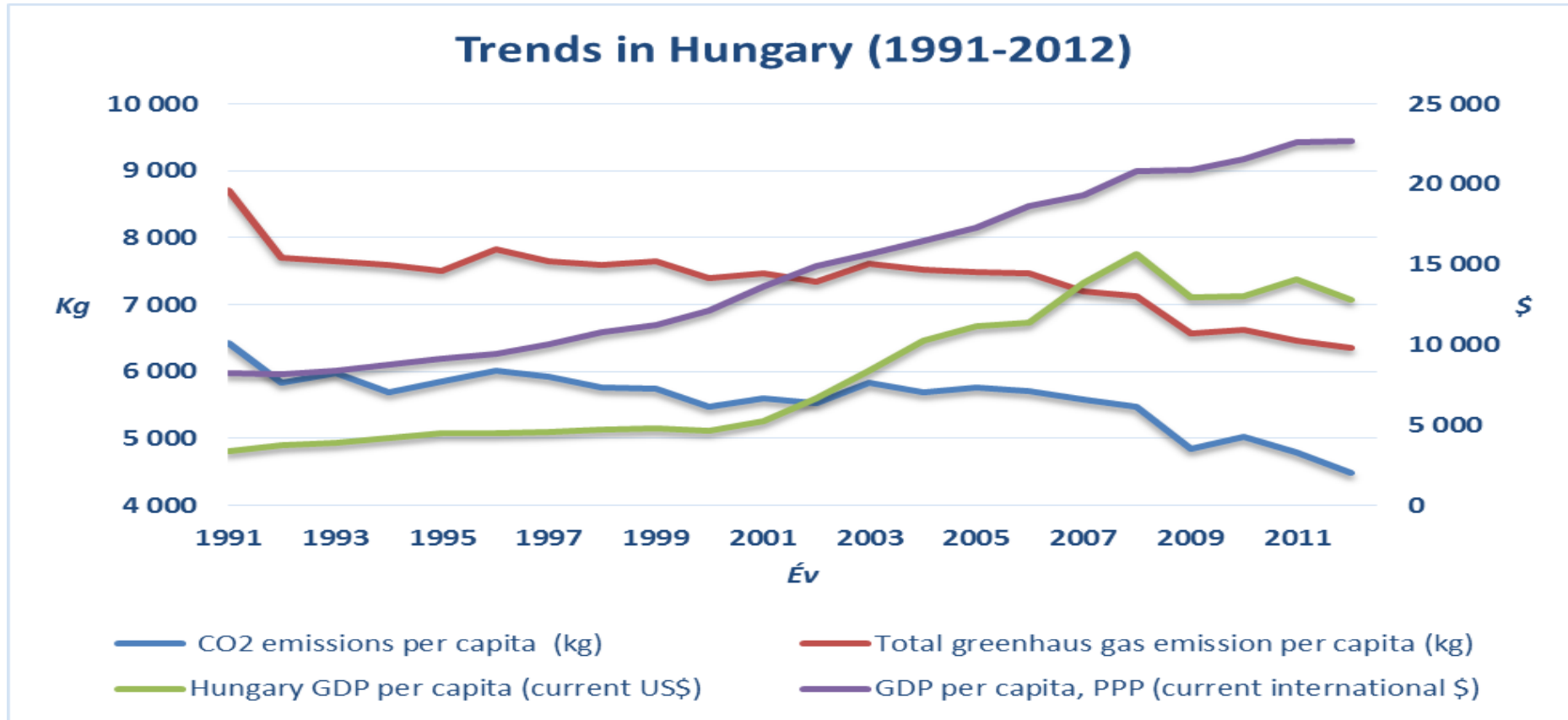
Federalism and subsidiarity !?

- **Unified environmental regulations , ignoring the differences in natural and economic conditions are not optimal either social or economic terms at the European an even in the country level.**
- **The municipalities also have environmental management rights to which the personal and material conditions have not been met.**
- **The development the necessary institutional system in harmony with the subsidiary principle is time-consuming.**

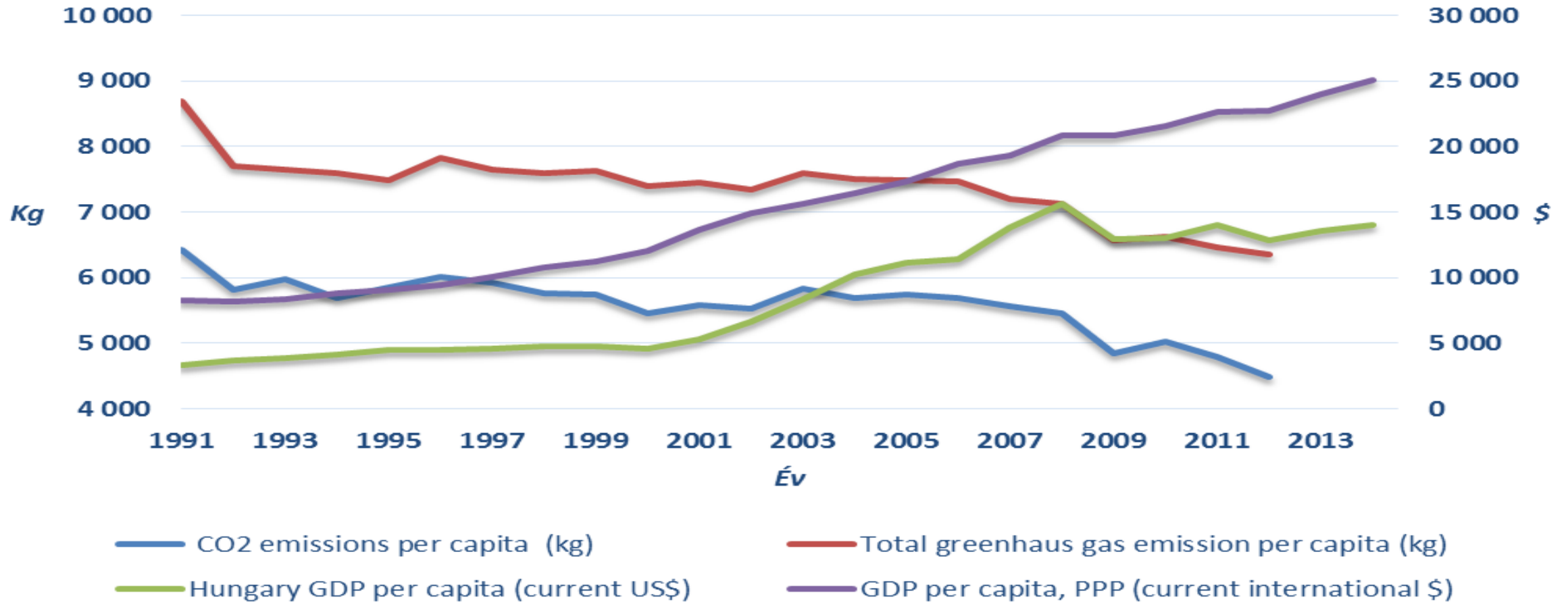
More even income distribution can create a Kuznets curve for greenhouse gas emission? The case of Hungary

Total greenhaus gas and CO2 emission in Hungary (1960-2012) in kt





Trends in Hungary (1991-2014)

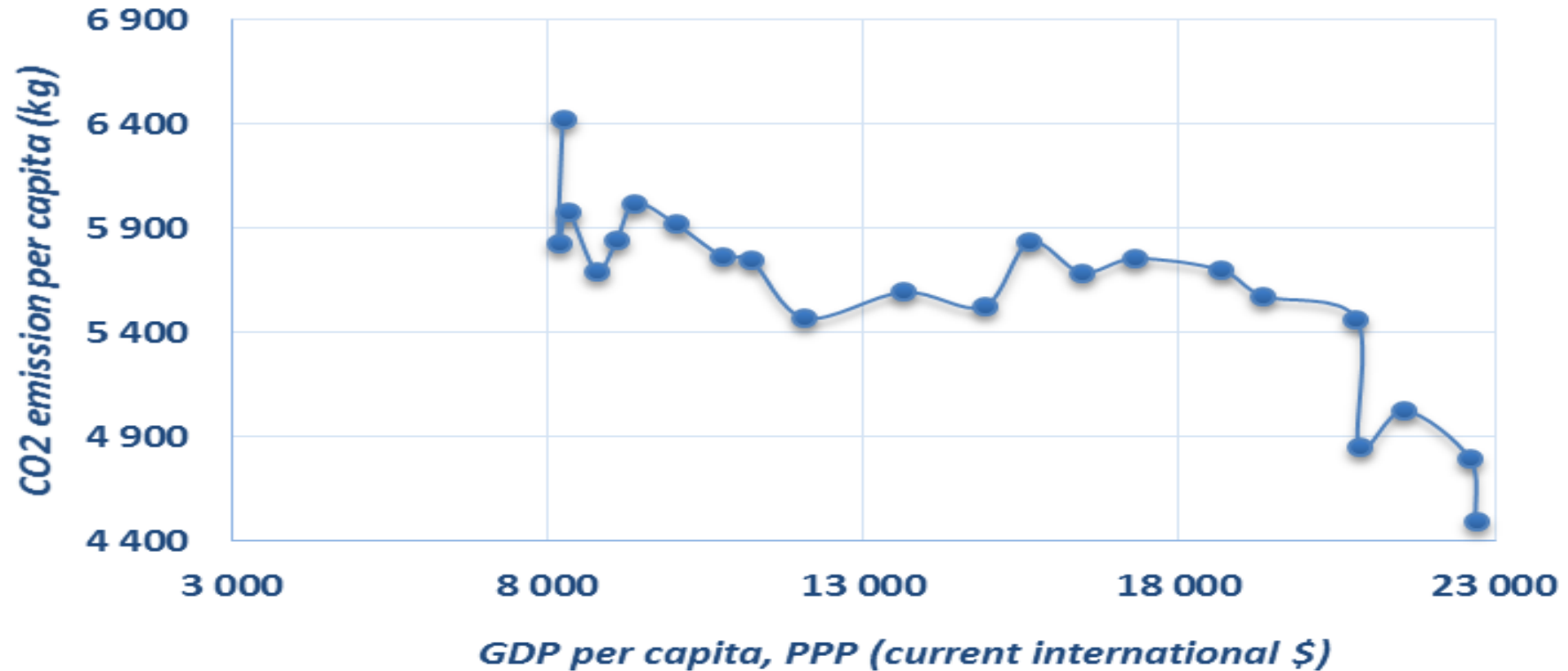


<http://data.worldbank.org/indicator/EN.ATM.CO2E.KT>
<http://data.worldbank.org/indicator/EN.ATM.GHGT.KT.CE>

<http://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD>

Kerekes Sándor: Emissions and energy intensity per capita in Hungary
 Data are in current international dollars based on the 2011 ICP round.
 the past 26 years

Is it a Kuznets curve? The Hungarian green house gas emission as a function of GDP per capita, PPP (1991- 2012)



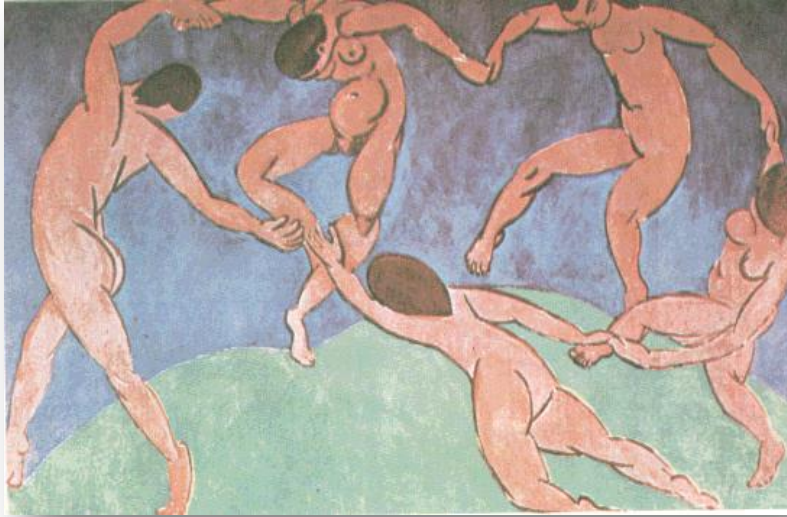
<http://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD>

Data are in current international dollars based on the 2011 ICP round.

Local economy besides or instead of global economy?

- 📄 The only **advantage of global market** is that it makes everything **cheap** → not sustainable.
- 📄 Every country should be **self-determinant** regarding food and energy.
- 📄 Self-determination does not mean self-sufficiency, but the lack of vulnerability.

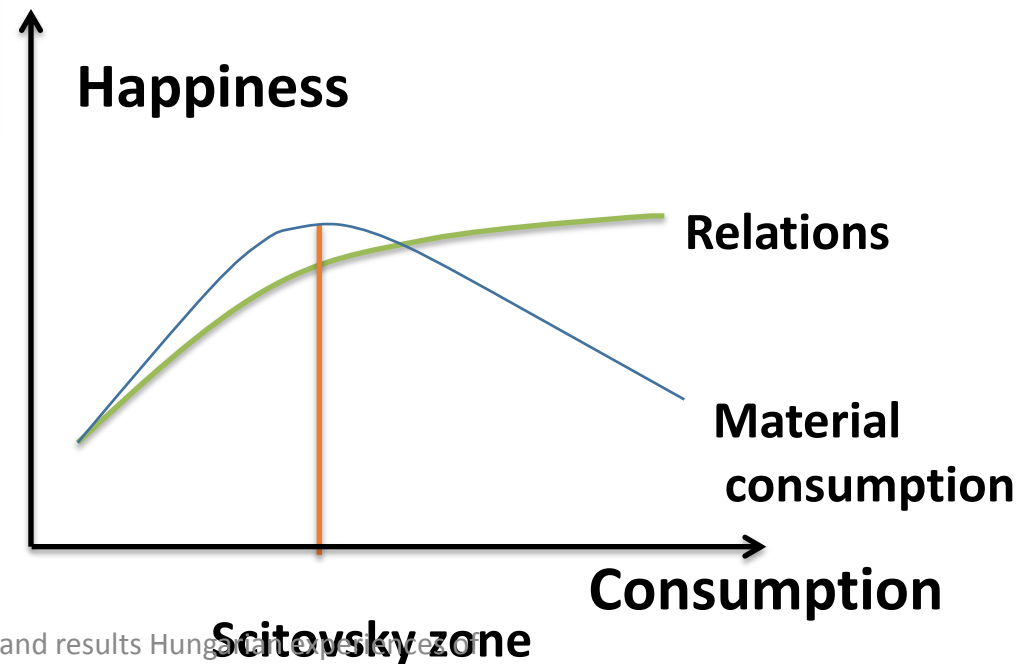
SOCIAL NEEDS (Scitovsky, 1974)



Henri Matisse, *La Danse (deuxième version)*, huile sur toile, 1909. Musée du Hermitage, St. Petersburg, Russie.

Viviana Di Giovinazzo. La théorie de Tibor Scitovsky sur les consommations induites. Economies and nances. Université Panthéon-Sorbonne - Paris I, 2009. French. <tel-00509930>

«Companionship is an important source of happiness and an important part of human welfare»



Thank you for your attention!