

A wasp's nest: The Economic Competition Office's role in shaping the vertical structure of competition

Éva Voszka

The centralization of the corporate structural system inherited from the planned economy acts as an impediment to market competition, so that many of the big, artificially created state-owned firms have to be broken up. An active part in doing so has to be played by the state, through the Economic Competition Office as 'guardian' of competition. The logic is clear, but a matter of dispute theoretically and in practice. The article presents the theoretical dilemmas of demonopolization that appeared with the change of system and shows what attempts were made to resolve them through competition regulation and the activity of the Competition Office. It emerges from the analysis that the main role in building up the structural conditions was not played by the Competition Office, which declined the task of inspecting the inherited structure and the privatization decisions, seeing it as economically and politically delicate. As for the small number of merger decisions connected with privatization that it took, they were handled in a legal fashion, but most of the sales and take-overs were simply permitted, not always for consistent reasons.

Price squeezing and predatory pricing. Economic theory and judicial and regulatory practice

Pál Valentiny

The article presents the concept of predatory pricing and price squeezing and the economic background to it, before examining what judicial practice has developed and what regulatory intervention there has been. The question of investigating predatory pricing and price squeezes has come to the fore recently because it has become clear since the liberalization of the network public services that liberalization and an end to exclusivity of rights are insufficient to produce the desired measure of competition. After liberalization, it was recognized legally in the EU that a new, more co-reliant and cooperative relation would have to develop in branch and competition regulation. Regulatory changes are taking two directions. On the one hand, greater emphasis is being given in branch regulation to the principles of competition regulation. On the other, the role of branch experts is likely to increase in some areas, such as takeovers, mergers and restriction of competition. A common feature of the regulatory reforms is that well-founded regulatory decisions call for increasingly subtle analysis, in which economic analyses are playing an ever more important role.

Reasons for the spread of atypical work in the knowledge economy*Katalin Szabó and Áron Négyesi*

The fixed employment for an indefinite term previously typical of industrial society (bolstered by various privileges and safeguards) has been declining in the last decade or two. There has been an unstoppable spread by various forms of atypical employment, ranging from agency labour to remote working at back-up offices in the Third World. The article places atypical work within the conceptual frames of the new institutional school, emphasizing the diminishing human-capital specificity in employment relations. The 'loosening' of work – the decomposition in time and space of concentrated factory work – is a change comparable in importance to the appearance of the factory system. 'Loosened' work is a logical consequence of the development patterns in the knowledge economy. According to the logic of information technology, modules making up production processes (like the cells of economic organizations) gain independence; each leads a life of its own, with infinite combinatory possibilities opening up. The same trend appears in the work field, where firm, tied, static, 'safe' forms become changeable, 'fluid', dynamic and uncertain. This gives a boost to the knowledge economy, as nomadic employees take their expertise with them from one project, economic unit, country or region to the next. The other side of the coin, however, is that employees (other than key personnel with the fundamental competencies) become interchangeable, disposable, recallable and transferable – in a word, insecure.

The effect of term of production*András Bródy*

Product life – term of production, or period of engagement or return, in other words – influences economic growth and the length of its possible cycles. The appropriate way of describing this effect is with the input-output model and various versions of it, which also allow calculations to be made. The 'elliptical production paths' of the Austrian school and their duration and variations become clear and measurable. All this may lead to an extension of the concept and interpretation of equilibrium.

The choice of supply channels in the Hungarian fruit and vegetable sector – a case study*Imre Fertő and Gábor G. Szabó*

The agricultural reform in Hungary broke the previously vertically integrated agri-food system along various lines. The structures of agriculture, the food industry and food retailing have fundamentally changed, in ways that have also influenced the vertical governance structures in the sector. The aim of this paper is to investigate the choice of supply channels in the Hungarian fruit and vegetable sector available to farmers by employing the framework of transaction-cost economics. The authors' analysis is based on a survey of marketing-channel choices by fruit and vegetable producers in Csongrád County. A multinomial logit model is applied to reveal on the determinants influencing the choice among various supply channels. The results seem to contradict some of the basic propositions of transaction-cost economics.