

ABSTRACTS OF THE ARTICLES

Transition or spontaneous order/disorder?

László Csaba

The article seeks to discover what causes can be traced for the economic and social differences that have become permanent or a trend after two decades. Secondly, it analyses what importance this model-like categorization of manifold differences bears. Thirdly and lastly, it examines the sphere of questions to do with the consequences of these differences. The main conclusion is that the community choices are significant, but their role is much less, by comparison with career dependence, than most theories assume. Achievement, to quote Hayek (1995) is borne of human endeavour, not human planning.

Simulations and sensitivity analyses with a medium-sized macro model of the Hungarian economy

Anikó Bíró, Péter Elek and János Vincze

This paper analyses the most important mechanisms of the Hungarian economy using a medium-sized quarterly macroeconomic model developed jointly by the Economic Policy Department of the Ministry of Finance and the Institute of Economics of the Hungarian Academy of Sciences. After introducing the fundamental principles of modelling and the building blocks of the model investigated, within a scenario analysis, the authors present the effects of the main factors behind the macroeconomic and budgetary processes. The sources of uncertainty – defined in a broad sense – are categorized in three groups: change in the external environment (e.g. the exchange rate), uncertainties in the behaviour of economic agents (e.g. in speed of wage adjustment or extent of consumption smoothing), and economic policy decisions (e.g. the increase in public sector wages). The macroeconomic consequences of these uncertainties are shown not to be independent of each other. For instance, the effects of an exchange rate shock are influenced by the speed of wage adjustment.

The role of economic analysis in predatory pricing cases. Effects of the latest CFI ruling on the France Télécom case

Zoltán Bara

In a judgement issued in January 2007, the European Court of First Instance (CFI) approved one of the Commission's Decisions that had omitted in-depth economic analysis in connection with the unlawfulness of predatory pricing, had not been based on inquiry into the expected market effects of the allegedly illegal behaviour, and had omitted to apply the so-called recoupment test (i.e. examine whether the dominant firm could

reasonably count on the return of its former losses by raising its prices later). What can be expected, after that judgement, in the future role of economic analysis in anti-trust cases? Why should national authorities and courts or even the Commission itself take the much higher risks and greater effort of applying economic analysis to substantiate their cases if they can prove them much more easily on formally based legal grounds? Similarly, can future competition cases be expected to move back from effect-based approaches to legally based ones?

Migration of innovation

György Bógel

Technical development opens successive new opportunities for geographical reorganization of business activities, and market competition obliges business associations to avail themselves of these. Migration of manufacturing to countries where production costs are cheaper began decades ago. Relocation of R and D and innovation activity to developing countries is relatively recent and remains to a large extent unexploited potential. The trend is a specific consequence of the process hitherto, but raises many new questions and problems. The commercial potential in attracting innovation activity has given rise to multi-factoral competition among developing countries. Such geographical reorganization of these activities has effects on the economic policy of developed countries as well.