

# Brief Summary of the Articles

## **All-round inquiry concerning tasks related to Hungary's EU membership – Part I.**

Following Hungary's accession to the EU medium – and long-term issues of accommodation are becoming more relevant. Thus, the goal of our inquiry is to present different opinions regarding the medium- and long-term conditions supporting real convergence of the Hungarian economy. We try to get answers to some questions as follows:

What kind of institutional reforms are necessary (and what time-schedule would be desirable) either due to EU objectives or simply based on individual national goals?

What are the areas where an adjustment of the legal framework should be enforced?

What kind of adjustments should be made in respect of major economic policy objectives?

## **A resource-based view of public corporation**

TIBOR KÁRPÁTI

Most of scholars dealing with public corporations hold a narrow view about the role of corporate governance. The appropriate aim of it is the maximization of shareholder value. Therefore one have to constrain management opportunism effectively because it is the most important barrier achieving it. But alternative opinions turned up already in the first half of the last century which emphasized the importance of utilizing employees' special capabilities as much as possible in order to be the corporation run efficiently. This article presents a theoretical platform which reflects this latter view. The shareholders don't have here any special capabilities and seeing the corporation as a public institution deprives shareholders of their owner position. The aim of corporate governance, however, remains shareholder value maximization.

## **“Global Bazaar” or Digital Monopolies? The transformation of competition in the information economy**

BALÁZS HÁMORI

As internet made markets even physically global, many economists expected the renaissance of pure competition. According to them, as it is easy to enter and leave the market and due to “smooth” transactions and immediate access to information, the economy has come more and more near to the ideal perfect competition so fervently expected by the economists. Market being characteristic of the information economy has been often named “global bazaar” where any merchandise is accepted. But relying on the experiences accumulated since then, we can form a more subtle view on the trends of the market development. Though now it is really easier to enter the market, many anti-competitive factors have also occurred from the phenomenon of lock in through network effects to standard-wars. By mapping the factors strengthening and restricting competition, the study tries to give a tinged picture of the

development trends of the market. In the opinion of the author obviously robust trends of concentration and monopolization don't exclude that another time, in other segments a great number of racers start again. The "competition – monopoly" cycle embracing decades (sometimes centuries) during the evolution of the industrial capitalism, now needs only years, sometimes months in the "ontogenesis" of the different segments of the information economy. "Pure competition" arising again and again leads always to the emergence of monopolies. Though enterprises do everything even in the digital world for building and protecting their monopolistic positions, their chance for possessing durably this position becomes less and less.

### **The role of locational signals in a deregulated electricity market**

PÉTER GORDOS

The attention of the decision makers both in the administration and in the electricity industry was drawn by previous year's big blackouts in Europe and North America to the elementary need that the regulatory environment should be changed to guarantee the safe and reliable operation of interconnected electricity systems in a deregulated market.

The article explores how the measures taken after the Italian blackout occurred on 28 September 2003 had an effect on the locational signals influencing the investments regarding the power-plants and transmission networks. The author on one hand provides a brief description of the theoretical mechanism of locational signals, on the other hand analyses the European regulatory environment with respect to the possible and/or binding use of them. The author concludes that although the short term locational signals are sufficiently present at the European internal electricity market, the long term locational signals should be implemented taking into account the technical and economic conditions.

### **The agricultural trade between Hungary and Russia, and the prospects of the improvement of the hungarian export**

GÁBOR KÖNIG

The effect of the Russian crisis on the Hungarian agricultural export in 1998 was the most adverse in comparison with other significant events of the past 20 years. The effect of the crisis in 1998 surpassed both the disadvantages of the perestroika and the glasnost and the damage of the downfall of the COMECON and the USSR. The structure of the Hungarian export was realigned significantly: instead of a safer heterogeneous structure, which was characterized by four dominant products before 1991, it transformed into a homogenous structure, that was characterized by the 60 percent of dominance of processed vegetables and fruits. However the Russian market recovers quickly, the side effects of the crisis will prospectively determine and limit for still a long time the chance of the expansion of the Hungarian export. The convergence of Russia towards the membership of the WTO limits the possibilities of the import regulation that make the export to Russia more predictable. The significant negotiations between Hungary and Russia in the past years get the tendency of our trade again intensified. The increase of the export of the poultry and pig meat is limited still by several factors. The chance of the improvement of the Hungarian export appears particularly at cereals and at processed vegetables and fruits.