

## ABSTRACTS IN ENGLISH

### **Peter Mihályi: The Relevance of the Washington Consensus for the Post-communist Countries**

The Washington Consensus (WC) is 20 years old now. With hindsight, its main significance is the unification of the normative economics. Prior to the WC, it was widely accepted that different policies should be pursued in the developed and in the underdeveloped economies. It was a sheer coincidence that the emergence of WC occurred a few months before the collapse of the communist systems of Eastern Europe and the Soviet Union. Many scholars believe that the WC is responsible for the recurring economic crisis of the last two decades. I reject this view. A 200-year track record confirms that depressions and financial crisis have been always the intrinsic components of market economies – for the reasons identified by Marx and Schumpeter long time ago.

**Journal of Economic Literature (JEL) classification:** F02, F23, F41, P11, P36

**Keywords:** Washington Consensus, financial crises, cycles, socialism, capitalism

### **Zoltán Bara: Economic Principles of Predatory (exclusionary) Pricing in the US and in the EU**

#### **Their (mis)Application in Some Recent Competition Law Cases of the European Community Commission and the Court of First Instance**

Predatory pricing is one of the most debated issue among the many possibly abusive behaviors of a dominant firm. The general prohibition of the abuse of a dominant power in the competition law is meant to render more difficult to use that power but not to disable them to compete. The borderline between a rough but lawful competitive behavior of a dominant firm and the illegal abuse of the market power could sometimes be very narrow. One of that narrow line is associated with the so called predatory pricing or exclusionary pricing. One of the necessary preconditions for predatory pricing is that the firm is required to set the price below costs. But could it be a sufficient condition as well? Before the AKZO-case lawyers and economists seemed to agree that predatory pricing requires a second phase, after the dominant firm successfully got its prey in the first phase, the recoupment phase during which the dominant firm is able the regain all of his former losses occurred in the first phase. Since the AKZO-case, the Commission succeeded to convince Courts of the EU that it would be enough to make probable but not certain that there had to be a recoupment phase but we don't have to wait until it really happens. Most of the economists still think that predatory pricing is meaningless without recoupment, and what is more

important, it would be beneficial to the consumers during the first phase unless there is no certainty of a second phase.

**Journal of Economic Literature (JEL) classifications:** K21, L12, L41

**Keywords:** competition policy, predatory pricing, Areeda-Turner Test, AKZO Rule

### **Imre Lévai: The Evolution of Welfare Systems: Social Democratic and Social Autocratic Paths**

Students of global and regional political economy have produced a vast literature on divergent paths of capitalist evolution. The evolution of welfare systems, in general, and their different paths, in particular, have also widely been analysed in economic and social studies. The author, joining the discussions from a world system perspective, makes an attempt at presenting a global and regional political economic comparison of the seemingly similar welfare systems that have evolved in Northern and in Eastern Europe. The apparent convergence of the Sovietic type to the Nordic social democratic pattern is scrutinised, distinguishing it from the latter by the “social autocratic” label.

**Journal of Economic Literature (JEL) classification:** I31, I38, P36, P38

**Key words:** evolution, path-dependency, social democracy, state capitalism, welfare system

### **George Kopits: Political Economy of Fiscal Reform in Central and Eastern Europe**

The reform of public finances has been at the centre of the post-socialist transition of Central and Eastern Europe since the early 1990s. At various stages of the transition, the reform process encompassed the entire gamut of public finances: the national budget, sub-national finances, extrabudgetary operations, and state-owned financial and non-financial enterprises. For the most part, fiscal reform was a non-linear stop-and-go process – often characterised by backtracking as well – and was uneven across countries. Moreover, unlike most reform experience in the rest of the world, fiscal reform in this region took place against the backdrop of a radical break, as sovereign countries emerged from a colonial past following the collapse of the Soviet Union. An important milestone was reached in 2004–2007, when all ten countries covered in this article became members of the European Union. The purpose of this article is to discuss fiscal reform in Central and Eastern Europe from the perspective of political economy. Following an overview of basic reform trends, the article focuses on the principal drivers and impediments to reform in the region. To conclude, the ingredients of successful reform are examined. The article does not provide an exhaustive inventory of reform measures, nor does it offer a survey of broad political economy issues prior to or during the transition period. Country references are intended to serve as stylised illustrations of main points, rather than as a comprehensive documentation of reform episodes.

**Journal of Economic Literature (JEL) classifications:** H1, H3, P2, P52.

**Keywords:** political economy; public finance; transition economies.

**József Móczár: Economics or economic science?**

The fundamental question of this article is: whether the economics is science, and if it is, then can it be viewed as an independent science? The answer is looked for starting from the most important economic results of the last century. The author came to the conclusion that the mainstream economic theories of our days can be traced back to the works of Ramsey, Neumann and Haavelmo. The results of mathematics and natural sciences, especially physics greatly contributed to that it became science. All these are proven by means of Roy E. Weintraub's so called historical reconstruction and Imre Lakatos' rational reconstruction methods.

**Journal of Economic Literature (JEL) classifications:** B23, C10, C20

**Keywords:** economics, schools of economics, methodology of economics

**József Poór: HR Function Under Changes at Subsidiaries of Foreign Multinational Firms in Light of an Empirical Study in Hungary**

Following almost two decades of multinational companies (MNCs) operating in the transitional economies of Central and Eastern Europe (CEE) expatriate and local managers continue to ask the following question: "How can we effectively manage the available human resources from our subsidiaries or assignees from the corporate centre?" A model of human resource (HR) practices in the subsidiary units of MNC's in Hungary was developed from a review of the literature, extensive professional experience in the region and an interview-based survey at 42 subsidiaries of large multinational companies. This model describes the evolution of different HR variables in the light of external (macro) and internal (firm specific) factors.

**Journal of Economic Literature (JEL) classification:** M16, M51, M52 és M54

**Keywords:** International corporations, Human resource management, Local subsidiaries, Life cycle model