

## Abstracts in English

### **Zsuzsa Bekker: “Timeless and Highly Topical at the Same Time” In Memory of Professor András Bródy**

Professor András (Andrew) Bródy, one of the most outstanding of post-war Hungarian economists, perhaps the most spirited member of his generation, died at the age of 86, on 3rd of December, 2010. For several decades he had been dealing with the mathematical formulation of Marxian theory. He was an internationally respected model-builder, applying input-output analysis, also working with Professor Leontief in this field. He was both in full command of high-level theoretical knowledge, and proficient in the latest methodological approaches. He also conducted pioneering research into the application of the laws of thermodynamics to economic problems.

His international fame was initially based on his book *Prices and Proportions*, published in Hungarian (1969) and also in English by North-Holland (1970). Several articles, conference papers, and several other books he wrote or edited broadened this recognition, the most important landmarks being *Ciklus és szabályozás (Cycles and Regulation)*, 1980 in Hungarian, *Slowdown* (1982) in both English and Hungarian, and finally, *Near Equilibrium* in English (2004) and Chinese (2009).

Fortunately, he participated in the work of our department, the History of Economic Thought at the Corvinus University of Budapest between 1995 and 2005. This article in his honour is a brief summary of his achievements and a reader's selection of his writings prepared for the students of our department which reflect his views on the state of economic theories; also attached is a bibliography of his most important publications.

**JEL classification:** A11, B23, B24, B32

**Keywords:** Andrew Brody, input-output analysis, economic theories, measurement, theory of measurement, model-building, Marx, business cycles theories, history of economic theories, Hungarian economists

### **László Csaba: Protecting the Architectural Heritage and Economic Strategy**

This essay advances five theses explaining the desolate state of the architectural heritage in Hungary. It also addresses the issue of why two decades of transition was not sufficient to remedy the shortcomings of four decades of socialism. In the second part of the study we attempt to draft a strategy that could help overcome these difficulties. It aims at a combination of business, municipal and civil society activities guided by a nationally coordinated plan. Following these guidelines the architectural heritage in Hungary could be transformed into an asset instead of a liability, as has been the case in many other European countries.

**JEL classification:** I38, O21, P20, R11

**Keywords:** multiplier effect, regional policy, coordination of sectoral policies

**Anna Salamonné Huszthy: The Impact of the Economic Crisis on the Development Lifecycles, the Short-term Plans and the Strategy of the Actors in the Hungarian SME Sector**

This study was prepared in the third phase of a multi-year research project. The goal of the program was to analyse the growth trajectories and strategies of Hungarian SMEs. Research in the first phase was focused on the specific periods of typical company lifecycles, the second phase dealt with strategic thinking, methods of strategy formulation and the content elements of strategies. The findings and conclusions were published in the journal *Competitio*. The present study is a report on the findings of the third phase of the research program. It describes the consequences of the recent economic and financial crisis on SMEs. It describes how unexpected and radical changes in the business environment influenced the development of firms, how managers reacted, and how they considered short and long term factors in their decisions.

**JEL classification:** L21, L26, M1.

**Keywords:** crisis, small and medium-sized enterprises, company lifecycle, entrepreneurship, strategy

**Tamás Prugberger – Zoltán Nagy: Issues of the Regulation of Residential Credits**

The study focuses on the theoretical and practical issues of lending from the legal regulation point of view. After the 90's the consumer social model was set up in Hungary, and it was linked to a fairly broad consumer credit activity. However, the regulation of lending was insufficient in many areas; consumer protection has hardly existed in the financial services market. Debtors were unprotected when facing the financial institutions, which concluded contracts not in their favour and restricted their rights.

The economic crisis, and the great number of insolvent debtors, has emerged as a social problem for legislators, thus enabling them to amend lending rules and strengthen consumer protection in this area.

**JEL classification:** K 30

**Keywords:** consumer credit, consumer protection, loan, housing credit, foreign currency credit, financial services.

**Mizik Tamás: Western Balkans: Opportunities for Agriculture on the Eve of EU Accession**

The Western Balkan countries can be characterised by their shared goal, which is to achieve the quickest accession to the European Union. Agriculture is an important obstacle to achieving this goal. The role of agriculture differs widely among the countries analysed but is more important than the average of the EU. This study gives a comprehensive overview

of the most important agricultural indicators. These indicators allow us to acquire a precise picture of the sector's relevance, production structure, efficiency and international relations. After demonstrating changes in input use, production structure, prices, terms of trade and agricultural policies, the next section identifies some of the reasons for these changes. The analysis concentrates on the most recent years for which data is available. In the last few years Serbia became the leading producer and the only net exporter of agricultural goods in the region. Nevertheless, the current situation is endangered by several issues, such as imbalanced sectoral production, fragmented production structure, relatively low yields, unfavourable export composition, and poor food hygiene and quality control, which anticipate painful and difficult measure which need to be carried out.

**JEL classification:** Q15, Q17, Q18

**Keywords:** Western Balkans, agriculture, farm structure, trade balance, EU accession

### **Anett Hodosi: Trust as a Cost Reducing Factor**

The current study analyzes the cost reducing feature of one of the well-researched informal institutions, trust. The micro level analysis is followed by a macro level approach, which is aimed at highlighting trust's direct cost reducing element via transaction costs and its indirect effect through the legal system. As part of the latter an empirical evaluation of 25 European Union countries has been carried out regarding the connection between costs due to administrative burden and trust. On the one hand academic economic literature proves that trust reduces transaction costs, and on the other hand that the effectiveness of the legal system contributes to the decrease of transaction costs. According to our assumption the increase of the level of trust improves the effectiveness of the legal system and via this mechanism it supports the reduction of transaction costs.

**JEL classification:** D02, E02

**Keywords:** trust, transaction costs, legal system and trust

### **Levente Nádasi: The Development of Growth Accounting Techniques in the Mirror of Economic Growth**

In this article we present the development of certain growth theories that model the main sources of growth. Since the elasticity of substitution – one of the most important parameters of production function – is not unity, as the Cobb-Douglas production function assumes, it can be different from a value of 1; hence we need a more general CES-type (Constant Elasticity of Substitution) production function. Another important question is the classification of factors of production. The elasticity of substitution is an efficiency factor as well, thus it receives special attention in the analysis. Finally we summarize the main papers that are mainly concerned with growth accounting, and try to answer the question of which factors play a significant or less significant role in economic growth. Growth accounting is strongly connected to growth theories so we refer back to growth theory at certain points.

**JEL classification:** E13, O47

**Keywords:** growth theory, growth accounting, production function

### **Enikő Kontor : The Marketing Concept, Market Orientation and Marketing Competencies: How are they Adopted in Small and Medium-sized Firms?**

The aim of this paper is to review the literature dealing with the marketing concept, its implementation, i.e., market orientation, marketing competencies and their effects on performance with special emphasis on small and medium-sized enterprises (SME). A large number of studies have shown that, on the one hand, the lack of a conceptual marketing approach is one of the most serious problems owner-managers face in business operations and, on the other hand, marketing is recognised as one of the most important business activities essential to the survival and growth of the enterprise. According to the literature, the adoption of the marketing concept/market orientation in SME-s is limited, due to limited resources in finance, time and marketing competencies.

**JEL classification:** L26, M14, M31

**Keywords:** small and medium sized enterprises, market orientation, competencies

### **Dávid Domonkos: The Conditions of and Requirements for the Formation of Clusters in Biotechnology**

In this article, with the help of the value chain model, I explain the functioning of biotech clusters. The “cluster” phrase was originally defined by Porter. In my opinion, the problem with Porter’s and other classical definitions of a cluster is that they are static, whereas the main feature of clusters’ is actually their dynamic nature. This is the reason why the following should also be included in the definition:

- clusters emerge in a turbulent way: processes cannot be foreseen due to the lack of linearity.
- a cluster, however, is a kind of arena, because dense and changing vertical input-output relations and connections between horizontal organizations always generate some kind of need for change.
- clusters cause changes in innovation policy, as they support the evolution of a policy which is appropriate for cluster formation. That is, they act as catalysts for the formation of better conditions.

Accordingly, Porter’s original definition needs modification.

**JEL classification:** O32, L25, L65, D80

**Keywords:** red biotech, biopharmaceuticals, biotech clusters, value chain

### **Andrea Pöstényi: Chile and the Global Depression**

The 2007-2009 economic crisis ended an exceptional, five year-long economic boom for Chile and other countries in Latin America. The most beneficial economic outcome of the upswing was the fundamental improvement of the region’s countries in terms of the current crisis, which greatly reduce these countries’ vulnerability to external economic shocks. Based on the previous assumption several economists shared the opinion that “This time things are different”. That is, the fate of the continent in the current crisis will be decided differently as the global downturn has barely affected the region’s economic indicators. However, from

September 2008 it has become apparent that the continent's economy remains vulnerable. The crisis, which has infected the real economy through multiple channels, has reached two major victims of the recession, - Latin America and Central and Eastern Europe – leaving them with a decline in GDP per capita and the slowdown of economic growth. Conversely, Chile experienced a decline of a lesser extent due to its structural reforms and was able to re-orientate to its previous growth path much quicker than the rest of the continent's economy after the ending of the crisis.

**JEL classification:** O54, H12, O20

**Keywords:** crisis, structural reforms, Chile, Latin-America