

The impact of stabilisation on the interrelations between prices and production

János Vince

The study examines whether there was something special in the development of production-utilisation and prices after March 1995. Why did inflation jump in 1995, while the growth of production was slowing down and domestic demand was falling? Was the disinflation of 1996 small relative to the further slowing down, and even temporary decline, of growth? In more general terms we might say that the question relates to the magnitude and asymmetric nature of the *sacrifice ratio*: why is there such “big” recession necessary for a unit of disinflation, while the acceleration of inflation does not entail a significant growth of output (*Dornbusch-Fischer* [1993])? The Hungarian stabilisation, which consists of a period of accelerating inflation – when the balance of payments became stabilised – and a period of diminishing inflation, is a macroeconomic history that does not well lend itself to classification. The interferences affecting the economy and their impacts (such as the gradual devaluation at diminishing rate following a single big devaluation, the adjustment of the budget, the incomes policy resulting in declining real wages, the inflow of foreign capital) are a complicated combination of positive and negative supply and demand shocks. Nor is it unambiguous whether the phenomenon underlying the questions raised really existed, because it is questionable what we should consider as “normal” relationship between the rate of growth and changes in production.

A missed opportunity and/or a delayed change of paradigm? (The Hungarian agrarian economy in the nineties)

Imre Fertő

Without striving at completeness, this brief writing attempts to survey the Hungarian researches into agrarian economics. It is examined how the Hungarian agrarian economic thought developed after the change of régime, to what extent the researches were imprinted by the still surviving elements of socialist heritage, and how successfully the tools of the mainstream agrarian economics could be used in the course of analysing the transition. In other words: the Hungarian researches tried to cut their way through the thick of emerging problems rather with “the old blunt ax” or a new “style saw”.

The fate of the prodigal son*János Mátyás Kovács*

The author applies the biblical metaphor of the prodigal son to describe the evolution of Eastern European economic thought between the transitions to and from communism. He makes an attempt at a simultaneous evaluation of two interrelated processes: the development of economic ideas and that of the historiography of these ideas in the region. While being rather sceptical about the quality of history writing, Kovács contends that by the 1980s economic thought in Eastern Europe arrived at the stage of what he calls “borderline-case economics”, which shows surprising similarities with certain schools of off-the-mainstream economic thinking in the West.

The comecon (flea-) market place in Hungary today*Endre Sik*

The basic message of the study is that one of the remnants of the heritage of socialist economy and within it of the COMECON, exercising the greatest impact even in our days, is the so-called comecon (flea-) market. The author first shows how the diverse, today existing forms of the comecon (flea-) market can be described with the aid of the notions of economic anthropology as well as with those of market place and informal market place of sociology. Then he lists his arguments why he believes that, from among the possible notions, the name alluding to the non-existent COMECON institution is still best suited to describe the above defined phenomenon even after the n-th year of the change of régime.

Four markets of four cities. From popular trading to the comecon (flea-) markets...*Ágnes Czakó*

The study summarises the results of a one-year observation of four big comecon (flea-) markets of Hungary. It analyses the turnover data, structure and infrastructure of the local markets, the circumstances of selling, the social characteristics of the buyers and sellers and publishes the most important statistical data collected in the course of research.