ABSTRACTS OF THE ARTICLES

Privatization and globalization – or the rediscovery of Anti-Equilibrium

Péter Mihályi

Several authors in recent years have tried to fit into a theoretical framework a causal connection between Hungary's specific methods of privatization and the success of its economic stabilization. The facts are generally known: most big enterprises were obtained by foreign investors and the stability of economic growth derives from the pace of exports. The theoretical literature on post-socialist privatization around 1989–90 offered several recipes, but no one recommended what actually ensued in Hungary. Ten years later, it seems as if the missing link in the causal chain can be found in the book Anti-Equilibrium , which János Kornai wrote in 1971. Rethinking Kornai's critique of the Neoclassical model of the firm, it immediately becomes clear that the theoretical approaches to privatization in recent years have all forgotten the importance of the fact of increasing returns.

The simple alternatives of unconditional normality in the calculation of value at risk

Ádám Kóbor

The importance of calculating market risk accounts for the fact that the internationally widespread methods of doing so have been built very quickly into the thinking of the Hungarian financial profession. The most popular system of analysis these days consists of the methods of calculating value at risk (VAR). As the regulations on commercial bookkeeping come into force, knowledge of VAR calculation and related information may spread faster still. It is also known generally that most time series of financial returns do not meet the strict requirement of normality. The dispersions of market returns can be characterized as 'thick slices' The purpose of this study is to review and present, by illustrative application, methods that are easily implemented, but greatly increase the efficiency of VAR estimates. Finally, the study compares the efficiency of the various procedures, with the help of VAR estimates for stock-market indices (the BUX and DJIA). Of course the comparisons can only lead to more general conclusions if the concrete and unique nature of the products chosen and the period of time are considered.

Time-series modelling and option pricing with a truncated Lévy distribution

Balázs Janecskó

It is an empirical fact well known to statisticians and financial data analysts that the nature of financial fluctuations differs from the classic description based on a normal, Gaussian distribution. Yet financial mathematicians and theoretical writers on finance still treat the

normal approach as a paradigm, for its simplicity and its elegant analytical attributes, shown in option-pricing or portfolio-optimizing tasks, for instance. This article sets out to present a more realistic statistical picture of exchange-rate fluctuations and outline an option-pricing approach based on this model. The purpose is not to convey mathematical and technical details (which can be traced in detail via the references) but to provide a graphic explanation of the new model, concentrating on its practical applicability. The data on exchange-rate fluctuations have been derived from the time series of the closing daily prices of the BUX index. The daily BUX yields are used to illustrate implementation of the new statistical model and the solution to the option-pricing task is presented for the European call options applying to the BUX index. The attraction of the new model, the truncated Lévy model, also derives from the way it describes accurately the likelihood of the fluctuations over a wide range, for three parameters, and presents clearly the ‘tail-thickness and truncation parameters’ of the scale. The new model could be a useful tool for market risk-handling in general, especially because it gives realistic figures for the likelihood of the extreme events observed in practice.

Rationality and ethics in economic decision-making.
Some theoretical and methodological questions of applied business ethics

Attila Török

Can business ethics be developed? Are there methods of training by which economic decision-makers can be brought to recognize more easily the ethical dilemmas that lie behind day-to-day business decisions? The ethical norms of economic decision-makers have effects on their motives and their decisions, so that economics cannot exclude the examination of the ethical parameters. This branch of science, despite the efforts of those who practise it, remains relatively unknown in Hungary, although several big firms have begun to build up institutions of business ethics, prompted mainly by foreign examples. This relative ignorance can hardly be welcomed in a decade of rapid transformation of the Hungarian economy, not free of crises of values. This piece of writing therefore attempts the important task of presenting the main conclusions of American and Western European analysts of business ethics.

The new directions in territorial-development policy in the European Union

Márk Bocsor, Ákos Kengyel and András Szűcs

One essential aim of the European integration process is to lessen the development differences among countries and regions and help the less developed regions to catch up. This calls for the elaboration of a conscious system of regional political subsidies, alongside the free application of market forces. EU regional policy is becoming increasingly pronounced. The backward regions and those up against difficulties of structural change are receiving support from 2000 onwards based on new objectives and guidelines. After a brief look at the alterations in European regional-development policy, the study analyses in more detail the EU’s common regulations and the purposes and guidelines of the support system. Special attention is paid to analysing the framework of regional political regulation applicable from 2000 to 2006, along with the new features it embodies and the question of subsidies to enhance the competitiveness of certain regions.