

## **ABSTRACTS OF THE ARTICLES**

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### **Can money buy happiness? An empirical analysis of the relation between income and utility**

*Orsolya Lelkes*

Economic policy implicitly assumes that individual utility correlates closely with individual income. The article sets out to test this hypothesis using representative Hungarian data and the degree of dissatisfaction declared by respondents. Money makes for happiness, but according to the findings, money is not the only or even the prime determinant of individual happiness. This is partly to do with the difficulty of measuring wealth and partly with the importance of non-monetary factors to individual welfare. The welfare cost of an income decrease exceeds the welfare gain of an income increase, which points to a risk-averting pattern of behaviour. The main aspect of the economic transition identifiable here is a close relation between mobility and dissatisfaction.

### **How long does the change of system take? Case study of the transformation of a textile mill, 1988–1996**

*János Köllő*

Based on its pace of privatization, Hungary is customarily placed among the fast movers in reform. However, the initial renewal of the socialist state-owned enterprises was often confined to reducing their scale and picking through their assets (along with a change of name). The transformed firms became more efficient, but they could not develop along the line followed at the beginning of the change of system without bringing in outside capital, and so the shrinkage of the former state sector and the selection of firms worth investing in continue. The study, by drawing on various sources of data and presenting the transformation of a big factory, attempts to demonstrate the connection between the initial rapid reforms and the protraction of technological renewal.

### **The motives of chief executives under socialism and under a market economy – experiences old and new**

*Péter Mihályi*

Earlier assumptions about corporate governance have been shown in a new light by the scandals in the United States and Europe in the last two years. Accounting manipulations by huge quoted companies and reports of connivance between them and Washington politicians, along with the coincidence of the scandals with the start of a world recession, have drawn attention back to the Asian economies of Japan, South Korea and Indonesia, previously thought so successful. It emerges that the market model in all its versions, which Hungary and the other system-changing post-socialist countries have been prepa-

ring to adopt, is thickly interwoven with inefficiencies and corruption. In the light of this, however, it seems useful to apply the assumptions, formulated in the 1980s and 1990s by Hungarian economists, about the operation of state-owned firms under socialism, and the conclusions reached in earlier writings by the author of this paper, based on the experiences of privatization in Hungary after 1989.

### **The non-profit operating mode in the information economy**

*András Kelen*

The civil sector and non-profit operating mode of the information economy have not received much attention so far. Yet it is not difficult to see that e-business and e-administration have been joined by special non-profit institutions, often of a new type. These virtual civil structures are independent of the budget-financed organizations and they cannot be placed in the commercial sector for want of owners. The author points out that research into e-civilism, or the civil aspect of cyberspace, provides a separate conceptual innovation. For many institutions, concepts and characteristics that have struck seemingly permanent root on the Web in a natural way, without any programme, can obviously not be ranged in the state or the commercial sector.

### **The Hungarian school of regulation theory**

*András Simonovits*

The article looks back on the history of the Hungarian school of regulation theory that János Kornai established and that the author took part in between 1973 and 1995. It deals with three questions: (1) Can the theory of regulation take us beyond the general theory of equilibrium? (2) What was the special feature of the trend entitled 'Regulation without Price Signals', instigated jointly with Béla Martos? (3) What did János Kornai's theory of shortage add to the regulation-theory approach? Having addressed these questions, the paper briefly considers the contribution János Kornai has made to the application of regulation theory in economics. This is a summary account that does not go too deeply into the details. More information about the details can be found in the sources cited. English versions are referred to alongside the Hungarian sources, to give an indication of the international reception accorded.

### **Trade-cycle fluctuation and the labour market – contribution to a critique of economic orthodoxy**

*István R. Gábor*

The conversation imagined in the lecture takes place between a modern-day Crusoe, reared on the standard microeconomic textbooks of the 1970s but quite inexperienced in the real workings of the economy, and five specialist professors supporting him. The professors try to justify labour-market regularities of the trade-cycle fluctuations in the economy by pointing to the theoretical advances made in the last two or three decades, but their justification is only partly acceptable to Crusoe. The impasse reached in their discussion appears to support János Kornai's rejection of the notion of applying the intersection of the Marshallian supply and demand curves to the macro labour market.