

The role of monetary policy in Hungary's handling of the financial crisis

Judit Neményi

The international financial crisis caught the Hungarian economy in the midst of a process of budgetary adjustment and prevented a period of two years' restrained growth from giving way to the recovery. Instead, the ever steeper decline in world economic demand pushed the Hungarian economy into recession. The deterioration in performance and prospects was compounded by a domestic political crisis, which increased uncertainty in economic policy. The country's declining credit rating and the drastic fall in available foreign funds after the Lehman collapse in September 2008 led to a flight of foreign investment on the government securities market, which put pressure on the exchange rate and called for rapid adjustment by financial institutions. The level of indebtedness caused volatility that narrowed the room for budgetary and monetary policies in managing the crisis. The article surveys the factors of external and internal origin that brought on a situation marked by shortage of funds, excessive indebtedness and a high proportion of foreign-exchange denominated liabilities. It examines how events in the new, post-Lehman stage in the world crisis have affected the frames and strategy of Hungarian monetary policy and its room for manoeuvre.

Central admission systems. Stratagems and stability

László Á. Kóczy

The mechanisms used in centralized student assignment programme to match applicants with places in schools and on courses of study vary, but they all rest on a number of basic principles. Natural requirements for matching are stability, Pareto optimization or strategy proofing. The paper presents both good and less good matching mechanisms, discusses their properties, and relates them to their degree of success when applied in real life. The mechanisms in use in Hungary will be the subject of another paper.

The comparative advantages and competitiveness of Hungarian cereals and cereal preparations on the markets of the EU 15

Attila Jámbor

The article analyses the revealed comparative advantages, disadvantages and competitiveness of Hungarian cereals and cereal preparations on EU 15 markets. Hungarian and international literature tends to treat notions of competitiveness and comparative advantages together, although the differences between them are clear. Having looked at some theoretical considerations, the article draws several interesting conclusions about the competitiveness and comparative advantages of Hungarian cereals by applying the original and im-

proved methodology of revealed comparative advantages devised by Béla Balassa in 1965. On the one hand, it becomes clear that Hungary had revealed comparative advantages in most cases on EU 15 markets, but most were based on raw materials. Furthermore, the methodology makes it clear that Hungarian cereals basically competed unsuccessfully on quality and successfully on price in bilateral trading with the EU 15 – which was decisive in the period analysed. It also emerges that the comparative advantages of Hungarian cereals turned out to be more stable than their competitiveness.

Economic interpretations of sustainability

György Málovics and Zoltán Bajmócy

Strongly different approaches to sustainability appear side by side in economics. The differences, the study argues, are not worth examining in terms of strong and weak dimensions of sustainability, as often occurs in professional debate. The distinction has much more to do with two clear schools of thought on the relation between nature and the economy – neo-classical environmental economics resting on welfare foundations, and ecological economics – though the dividing line is not always a sharp one. It is concluded that ecological economics makes cogent criticisms of the sustainability-related views and methods of environmental economics, often offering methodologically clear solutions as an alternative to these.