

From Sovietology to the new institutional economics – meditations from a distance of two decades

László Csaba

The article attempts to give an account of the changes of system in Central and Eastern Europe and of those who studied them in the last two decades. It shows how a less developed branch of economics faced a historical process that posed possibly the most difficult questions of interpretation and application for the whole discipline. An attempt is made to discover why recognition and application of the mainstream approach failed to bring resounding success for the economies of the region or for economics itself. The author examines the relation between continuity and the critical weight of reforms. Finally, an attempt is made to advance durable propositions based on analysis of this specific field through now mainstream approaches in terms of sustainable development.

Pricing of derived products and problems with it in terms of equilibrium theory

Péter Medvegyev

The author sums up briefly the main aspects and problems to do with the pricing of derived products. The theory of derivative pricing uses the redundancy among products on the market to arrive at relative product prices. But this can be done only on a complete market, so that only with a complete market does it become possible to omit from the theory and the practice built upon it the concept of utility functions, and for that reason the principle of risk-neutral pricing is misleading. To put it another way, the theory of derived products is capable of freeing itself from the concept of utility functions only at a price where in practice it places impossible restrictions on the market structure. This it is essential to emphasize in market practice and in teaching.

The role of property-law security in the spread of technology

Pál Czeglédi

The study looks at the role in economic catch-up played by the institutions that defend property law, from the angle of the spread of technology. It argues that as the importance of transaction costs increases in parallel with economic development, the institutions that defend property law and place political power within exogenous constraints gain more value. This proposition is important for the new angle it provides from which to understand better the effect a democratic system of institutions exerts on economic growth. The study supports the statement empirically with panel analysis and regression analysis of the spread of the industrial revolution.

World recession and its effect on development of the system in China*Mária Csanádi, Hairong Lai and Ferenc Gyuris*

The study examines the effect of the dynamics of the world economy on transformation of the Chinese party-state system. It points out that global recession will bring political changes, just as global expansion led indirectly to economic transformation. The study builds the concepts of transformation of the system and the pace of transformation on an earlier interactive model of the party-state. It examines statistically the temporal and spatial inequalities in the rate of transformation that appear at various levels of aggregation, showing that the changes have proved sensitive to changes in certain economic indices. It points to the predominance of certain types of dynamics in the period examined and changes in the dominance among the characteristic types. The study takes into account the effects of the world recession when projecting the dominance of a new type of transformation dynamic, and sketches the likely effects of the new dominant type on the conditions for political transformation.

Competition on the public procurement market*Tünde Tátrai*

Research into the strongly regulated environment of public procurement calls not only for purely legal analyses and regulatory interpretations, but for a knowledge of those involved in the public procurement market, its characteristics and difficulties, and the artificial curbs on competition. The article is based on questionnaire surveys and in-depth interviews into the relations between the features of the public procurement market, the competition-curbing elements, and the opinions of participants on the relation between competition and public procurement, while touching also on the shortcomings of the institutional environment. Practical examples are given of the errors and problems of a legal approach that relegates procurement questions into the background, thereby impeding competition.