

INTRODUCTION TO THE VOLUME *CENTRALIZATION AND MARKET REFORM*

János Kornai

This piece forms the introduction to the forthcoming third volume of János Kornai's life's work series reissued in Hungarian. (The first and second volumes, *Economics of Shortage* and *The Political Economy of the Socialist System*, appeared in 2012.) It is rare for an author to arrange his own life's work, taking his writings item by item, presenting the circumstances in which they arose, and analysing them decades later. His thoughts on the twenty-two writings in the volume, at the time of republication, involve scrutinizing with present-day eyes articles written, with one exception, before the change of system, along with his first book, *Overcentralization*, written in 1956. The introduction that systematizes these focuses on centralization and on market reform – events show it is still too soon to see these subjects simply as a chapter in the theoretical history of economics. Some of the articles draw directly on experiences with the Hungarian economy, while others have a theoretical nature. So the introduction also deals both with practical problems of Hungarian economic history that remain notable and instructive, and with comparative general theories of socialism and capitalism and centralized and decentralized forms.

JÁNOS KORNAI'S *ANTI-EQUILIBRIUM* AS AN INTELLECTUAL FORERUNNER  
OF EVOLUTIONARY ECONOMICS

Péter Mihályi

The author's main message is that the criticism Kornai voiced in *Anti-Equilibrium* in 1971 has now become imbedded in the system of arguments of the various schools opposed to the general theory of equilibrium and demanding a change of paradigm. However, this influence can often be demonstrated only at one remove.

PREPARING STUDENT PREFERENCE RANKINGS BASED ON APPLICATIONS  
FOR UNIVERSITY

András Telcs, Zsolt Tibor Kosztyán and Ádám Török

Ranking universities has become a multi-faceted game: universities, national and international ranking bodies, publishers, governments and other policy-makers join the students as players. The choice of ranking method or technique made is heavily

influenced by perceptions of what ranking technique will best help universities to maximize their worldwide standing. This paper is confined to the methodology for compiling university ranking lists and takes a quite neutral, analytical standpoint. The focus is on arriving at a ranking technique that can be a first step to overcoming the alarming diversity of methods in use today. The authors advance some ranking methods that generate unbiased, uni-dimensional preference lists of universities based solely on partial ranks generated by three bodies of applications made by students. The exercise is confined to higher educational institutions in Hungary, which has over 30 such for fewer than 10 million inhabitants. It covers ten years of application data, with over 100,000 applications a year.

#### MODELLING OF THE CARBON DIOXIDE EMISSIONS OF A POWER PLANT, USING REAL OPTIONS

Tamás Nagy

The carbon-dioxide emissions of an EU Emissions Trading System participant, gas-fuelled power generator are modelled by using real options for four underlying instruments (peak and off-peak electricity, gas, emission quota). This profit-maximizing power plant operates and emits pollution only if its profit (spread) on energy produced is positive. The future emissions can be estimated by a sum of European binary-spread options. Based on the real-option model, the expected value of emissions and its probability-density function can be deducted. Also calculable is the Value at Risk of emission quota position, which gives the cost of compliance at a given confidence level. To model the prices of the four underlying instruments, the geometric Ornstein-Uhlenbeck process is supposed and matched to public available price data from EEX. Based on the simulation model, the effects of various technological and market factors are analysed for the emissions level and the cost of compliance.

#### A LEVEL OR A TILTED PLAYING FIELD?

Ádám Török

Two very instructive pieces appeared in the January 2013 issue of this journal: Csaba [2013] and Györfy [2013]. These deserve special attention from economists even though the former is close to an essay in form and the latter appeared in the Bulletin section, so that neither is a scientific article in the sense that is coming to dominate in Hungary as well, with the spread of the norms of scientific publication to the social sciences.

#### SOME SUBJECTIVE THOUGHTS ON ECONOMICS

András Simonovits

László Csaba put some questions on economics and teaching of it in the last issue of this journal. Although I share his anxieties in part, I would argue that the cur-

rent volume of knowledge in every science demands specialization and the cooperation of several researchers, which increasingly results in volumes of studies by co-authors, rather than single-author books. The mathematical approach allows research into several fields and makes theoretical and practical discussion of them more precise. If we want to make up for the lag in Hungarian economics, the international standards have to be followed.

#### THE EURO – ITS WEAKNESSES REAL AND IMAGINED

Imre Tarafás

The author contributes to the debate on rethinking the introduction of the euro initiated by the excellent study of that title by Judit Neményi and Gábor Obláth. Although the debate last year was a lively one, the subject is no less topical this year and is likely to remain so for a long time.