

SYSTEMIC RISK WITHOUT SYSTEMIC ETHICS. SUPPLEMENTS TO THE ETHICAL EXPLANATION OF FINANCIAL CRISES

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This paper deals with ethical aspects in the outbreak of financial crises at system level. Many non-specialist narratives on the subject trace such crises to the greed of financial institutions, while a large number of scientific analyses view the issue only at micro level, i. e. in terms of an institution and its stakeholders. Yet the growing instability that usually precedes financial crisis should be assessed also in relation to ethical dilemmas between individual institutions and the system as a whole. Frictions between the interests of individual banks and the sector can be identified that impede institutions *ex ante* from considering ethical issues that relate to the stability of the financial system. On the one hand, the development of financial instability is typically a probability problem that poses a challenge to the major ethical schools. On the other, decisions by an individual institution generally have only a marginal effect on the stability of the financial system as a whole. So there is no easily identifiable causal link, clear and visible also to bank decision-makers, between individual bank decisions and financial instability, that could facilitate taking ethical aspects into account.

INCENTIVES RELATED TO DIFFERENTIAL PRICING

Krisztina Antal-Pomázi

Differential pricing faces customers with different prices for some product, depending on the time of consumption. The paper discusses the economic side of the main issues related to differential pricing, such as demand response or capacity allocation. First, it considers a revenue-neutral introduction of peak-load pricing. Under what conditions does peak-load pricing lead to a Pareto improvement over uniform pricing? Secondly, it studies what customer properties make it profitable for a firm to impose peak-load pricing. It is found on the supply side that incentives to introduce differential pricing may be technology-driven (high on-peak marginal costs), or demand-driven (low in elasticity of substitution). Consumers benefit more if they can adapt to prices more flexibly. Innovative technology such as smart meters may help them to benefit from real-time pricing, but such technology is expensive to install. This obliges consumers to cover part of the costs. If consumers are myopic, or their commitment hindered by other effects of bounded rationality, regulatory

intervention may be needed to increase welfare. The more accessible the enabling technology (price comparison websites, cheap smart meters etc.), the more everyone will benefit from time-varying pricing.

THE ECONOMICS OF GEOGRAPHICAL INDICATORS – EMPIRICAL EVIDENCE

Áron Török and Zalán Márk Maró

Linking agricultural products and foodstuffs to their place of production is no new idea: geographical indicators on a community level have a history of almost three decades in the European Union. In 2015, the Hungarian government announced its Geographical Indications Programme, aimed at a marked increase in the number of Hungarian food products with an EU-recognized geographical indication, and at making better use of the opportunities for products already endowed in this way. Within a systematic review of the literature, this study uses empirical evidence to explore what current and future Hungarian products with a geographical indicator can expect, in relation to their market size, price premium, and impact on rural development. The determinative international literature suggests that such Hungarian products can expect to retain their existing, typically domestic and local markets, rather than to conquer significant new export markets in the short term. Producer prices are also expected to rise in the longer term, especially for processed products with higher added value. Finally, geographical indications, as part of a consciously structured and expanded rural development strategy, can contribute directly and indirectly to development of the production area.

FACTORS AND EXPECTED OUTCOMES OF PRO-BIRTH POLICY INTERVENTIONS

Judit Sági and Csaba Lentner

A decrease in the number of births and in willingness to bear children is common in the developed world, statistically measurable by total fertility rate and its adjusted methods. This study examines the socio-demographic trends of the last decade behind the childbearing issue, along with economic-policy responses to them. The authors investigate the change of course in government interventions, focusing on pro-birth policies, family subsidies and regulatory policies and comparing them. They build on the assumption that fiscal policies can influence maternity and fertility with childbearing-related benefits (family allowances, home settlement subsidies). They also gauge family-policy interventions (i. e. how young adults find preferential housing subsidies when planning to have a child), from the findings of two subsequent surveys of young adults studying in higher education in Hungary. The conclusions cover relevant data on the differentiated age and region-related effects of family policy, and predict trends in childbearing.