

Organizing diversity: evolutionary theory, network analysis, and postsocialist transformation

Gernot Grabher–David Stark

In contrast to the dominant transition framework that examines organizational forms in Eastern Europe according to the degree to which they conform to or depart from the blueprints of already existing capitalisms, this essay examines the innovative character, born of necessity, in which actors in the postsocialist setting are restructuring by redefining and recombining resources. Instead of conceiving these recombinations as accidental aberrations, it explores their evolutionary potentials. Its starting premise is that the actual unit of entrepreneurship is not the isolated individual personality but the social networks that link firms and the actors within them. Drawing on recent developments in evolutionary theory, it cautions that although all-encompassing privatization and marketization might foster *adaptation* in the short run, the consequent loss of organizational diversity will impede *adaptability* in the long run.

Market Institutions—Competition Policy—Accession to the EU

Ferenc Vissi

The study covers the up-to-date topics of competition policy in Hungary. It briefly surveys the main forces and characteristics of globalization and global competition. The challenges of globalization are severe from the point of view of the Hungarian economic policy and firms' restructuring, thus, beside the European Union's policy requirements, globalization is the major force which determines the competitive conditions that are to be fit by the Hungarian economy.

The EU competition policy standards and their approximation are analyzed partly on the basis of the new Competition Law, valid from January 1, 1997 and partly on the state-of-affairs of the present practice in the area of exclusive rights and natural monopolies.

Analyses of the Hungarian Competition Office show that approx. 2/3 of the Hungarian economy have passed the initial phase of transformation towards market economy, and that part of the markets reflects basically the same competition relations as are existing in the developed market economies.

Seigniorage and the burdens of the state debt

János Kun

Seigniorage is a monopolistic income deriving from money creation. In the case of higher inflation the seigniorage income is higher, which generally results in a higher profit of the central bank. In recent years inflation has been rather high in Hungary, but the profit of the central bank may be said to be modest. The study investigates the reasons. Its most important statement is that in the Hungarian economy the central bank and the state do

not gain from the seigniorage receipt deriving from higher inflation, because the state debt is higher than the monetary base.

The first part of the study now published reviews the historical development of the term. It makes efforts to exactly clarify the notions and this is why the reader following the domestic developments in the literature on the subject also finds repetitions. In the author's opinion the opportunity cost or the so-called monopoly-seigniorage developed from the fiscal seigniorage is better suited for determining the income from money creation than the monetary seigniorage more frequently used in Hungarian professional literature.

The second part - to be published in our next issue - will analyse, relying on the data of 1991-1995, the origin and utilization of seigniorage in Hungary as well as the relationship between seigniorage and the profit of the central bank.

Job-searching behaviour of the unemployed

Péter Galasi

The paper deals with the job-search behaviour of the Hungarian unemployed based on data from the Hungarian household panel survey. The impact of the income of the unemployed may have on reservation wage and job-search intensity is considered first, and then re-employment probability is examined as a function of reservation wages and search intensity and the income of the unemployed as well. Our results suggest that some light might be shed on the working of the Hungarian labour market by looking at the behaviour of the unemployed in a job-search theoretical framework. Some evidence has been found for that unemployment income (benefits and other non-labour income) has a disincentive effect for it increases reservation wage, but also that this is, at least partly, offset through a higher level of search effort. There is some sign that higher reservation wages result in lower probability of exit to a job, and that more intensive search rather speeds up job-finding. Higher unemployment-related and other non-labour income seems to facilitate job-search and thereby to improve re-employment chances.

Privatization guided by banks

Gabriella Fogarassy

A vast economic and sociological literature is making efforts in Hungary to map the driving mechanism, the course and the consequences of privatization in this country. This is not surprising as the unprecedentedly quick and wide-reaching changes in institutional system and ownership going on in Hungary and other East Central-European countries presumably also offer lessons that point beyond the concrete events and may be generalized. The authoress participated in a research project in whose framework an attempt was made to explore a hitherto little analysed aspect of the process, to understand and make understand the strategic interactions and the interest relations moving them. The research was conducted on two levels: on the one hand the network relations among managers and on the other hand the shop-level interest relations were examined. The purpose of the case study serving as basis for the article was to explore the managerial-level network relations, interest relations and conflicts. From these individual interest relations and conflicts the possibilities of privatization and the form of its final materialization may be deduced.