

# **SUMMARY OF THE ARTICLES**

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## **At the crossroads of competition and R and D policy Introduction to the theory of group-exemption regulation**

*Ádám Török*

Behind the contraction in direct state support for research and development lie not only the budgetary consideration in the world economy, but the constraints placed on state intervention that distorts competition. The idea and practice of group-exemption regulation developed in the European Union, because it allows technical development to be encouraged without the direct financial cooperation of the state, by legalizing otherwise not generally unacceptable market collusion by firms conducting R and D. This regulatory system draws attention to some very important theoretical questions, since it involves a conflict between two underlying principles of the market economy: freedom of market competition and the protection of rights over intellectual property. The study does not undertake to survey the EU's group-exemption regulations or the group-exemption system now being developed by Hungary. It seeks to address primarily some important theoretical aspects of this sphere of problems, and based on this, to analyse the market-theoretical background of R and D policy, something little discussed in Hungarian literature so far.

## **Empirical models of exchange rate target zones**

*Zsolt Darvas*

Following the development of the first exchange rate target zone model at the end of the eighties dozens of papers analyzed theoretical and empirical topics of currency bands. This paper reviews different empirical methods to analyze the credibility of the band and lays special emphasis on the most widely used method, the so-called drift-adjustment method. Papers applying that method claim that while forecasting a freely floating currency is hopeless, predicting an exchange rate within the future band is successful. This paper shows that the results achieved by applications to EMS and Nordic currencies are not specific to data of target zone currencies. For example, application to US dollar and even to most unit root processes leads qualitatively to the same. This paper explores the solutions of this puzzle and shows a model of target zones in which the exchange rate within the band is not necessarily predictable since the process might follow chaotic dynamics before devaluation.

**Job creation in micro enterprises***Ágnes Vajda*

There is worldwide debate about whether micro firms can create jobs and contribute to reducing unemployment, or whether their continuing reproduction just provides a livelihood for their owners. The first part of the study uses Hungarian and international examples to examine the various means by which governments encourage the spread of self-employment and the founding and consolidation of small businesses. The second part, drawing on the findings of several Hungarian sociological surveys, sets out to present the ability of micro firms to increase their workforce and the factors that affect this ability.

**The effects of introducing the euro on the economy of EMU and Hungary***Pál Gáspár and Éva Várhegyi*

Development of the single European currency area could trigger significant realignments in the cross rates between leading currencies, in international trade, in financial transactions, in the integration of capital markets, and in capital flows. The existence of the euro area alters the growth prospects of the countries affected, the structural characteristics of the individual economies, and the openness of the real economy and the money markets. The single currency also brings changes in the economies linked with the euro area.

The article examines the likely short and long-term macroeconomic and structural effects exerted by the single European currency area on the economy of the Economic and Monetary Union and on the Hungarian economy, which is closely linked to it. The analysis concentrates on growth prospects, likely changes in the scale of capital markets and the direction of capital flows, developments in exchange rates and the exchange-rate system, and effects on the financial and corporate sector.

**Hungary's integration into the system of international non-cash payments from the 19th century to the inter-war period***Markus A. Denzel*

The subject of this study is integration of the centres of non-cash payment traffic and supra-regional money markets. Used to present this are the discount-rate quotations on the various money markets (still in a very general sense)—the discount rates actually applied between money and bill markets of more than regional importance, involved in international payment transactions, at a specific time and in a specific geographical area, in this case East-Central, East and South-East Europe.