Filters with single or multiple variables in measuring the size of the credit gap

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The paper introduces and compares potential methods for measuring the cyclical position of the Hungarian credit market. The time series of Hungary's credit/GDP ratio is decomposed to trend and cyclical component (credit gap) using three trend filtering methods: a univariate Hodrick–Prescott filter, a univariate Christiano–Fitzgerald filter, and a multivariate Hodrick–Prescott filter. The decomposition was carried out separately for the household and corporate segments. Of the three, the results of the multivariate Hodrick–Prescott filter, which incorporates the information content of other variables, best reflect the experts' assessment of developments in lending in Hungary. The credit gap was continually opening, mainly due to FX-lending in the household sector, until the outbreak of the crisis of 2008. The credit gap then closed during the adjustment period that followed the crisis. In fact the decline was so considerable that its value became negative again.

A decade in the EU: the agricultural performances of the new member-states

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The period of over ten years since the 2004 round of EU accessions provides a good opportunity to assess and take stock of agricultural developments in the new member-States, in light of the latest available data. The paper sets out to assess their agricultural performances and to identify the winners and losers by accession in this regard. Ranking individual country performances using Parallel Factor Analysis (PARAFAC) suggests that Poland, Estonia and Lithuania can be considered as winners, whereas the other countries failed to use the potentials of membership to the full. The results also suggest that focusing on agri-food products with a high added value proved a good development strategy for the sector. Countries that concentrated on producing agri-food raw materials lagged behind.

From maidservant to king-maker – or the macroeconomic advance of econometrics?

Tamás Mellár

The essay surveys the role econometrics has played in the development of macroeconomics in the last 30 to 40 years. It seeks to identify the main elements in the process whereby the formerly assisting science of econometrics has become the protagonist in the new classical macroeconomics. The first part deals with the definition of macro-equilibrium as potential output and the difficulties with estimating this latent variable. The second part voices some criticisms of the econometric estimation practices of rational expectations. These rest on the impossibility of setting up a correct econometric model for the whole economy, from which an unbiased estimation could be obtained. The third part examines the chances of a model based on econometric forecasting. Since the operation of the macro-economy is not an ergodic process in time-efficient econometric forecast is impossible. The macro-economic time series has to be described as a path-dependent process, not an ergodic one. The essay concludes that econometrics should confine itself to panel-data analysis and micro-economic models, rather than macro-time series analysis.

The new factors of regional growth in research into evolutionary economic geography. Variety and technological proximity

Zoltán Elekes

The underlying questions of how a region's economic structure affects its performance and how this structure changes over time are being examined in a number of fields of economics. These have been joined in the last decade by a new approach through evolutionary economic geography, which has added to the field of inquiry results also relevant to economists. The review looks at the relevant conceptual and methodological background of evolutionary economic geography, which builds primarily on the concepts of variety and technological proximity. Empirical results so far have shown that the technological proximity of industries impacts positively on regional employment growth, while technological proximity affects the diversification of the regional economic structure.

Trust in business relations – an application of dyadic data analysis

Andrea Gelei and Imre Dobos

The paper rests on the behavioral interpretation of trust, making a clear distinction between trustworthiness (honesty) and trust interpreted as willingness to engage in risky situations with specific partners. The hypothesis tested is that in a business relation marked by high levels of trustworthiness as perceived by the opposite parties, willingness to be involved in risky situations is higher than it is in relations where actors do not believe their partners to be highly trustworthy. Testing this hypothesis clearly calls for dyadic operationalization, measurement, and analysis. The authors present the first economic application of a newly developed statistical technique called dyadic data analysis, which has already been applied in social psychology. It clearly overcomes the problem of single-ended research in business relations analysis and allows a deeper understanding of any dyadic phenomenon, including trust/trustworthiness as a governance mechanism.