

## **The error tolerance of the input–output system**

*András Bródy*

The study examines the sensitivity of input–output calculations. It analyses the accuracy of the eigenvalues of matrices when calculating the Hungarian branch multiplier for the year 2000. Attention needs paying to the continual fluctuation of the economy and its state of disequilibrium. The author starts from the eigenvalues because these can be established most accurately under such conditions. He also shows how use of the Leontief inverse can reduce error in initial data, as diagnosis of it is dominant and the matrix well conditioned. There is further analysis of error-correcting, compensating features of some other recommended methods of calculation.

## **Economic catch-up and competition policy. Comparative lessons of the case of South Africa**

*Ádám Török*

The study analyses the specific conditions that led the South African ANC government to undertake a complete overhaul of the nation's competition law. This government initiated profound economic restructuring in the late 1990s. The particular challenges faced by the South African transition process were beyond the capabilities of the previous competition law. The paper draws conclusions from the South African practice of enactment (and major revision) and from legal-enforcement records for other developing countries. It compares the South African case with the competition-policy reforms of European transition economies.

## **The role of institutional factors in the development of budget deficit in Hungary**

*Dóra Györffy*

The magnitude of the budget deficit in Hungary has recently become one of the most urgent problems of economic policy, endangering both the target date of entry into the Euro zone and sustainable growth. The recent apparent difficulties of consolidation raise the question of how the chronic high deficit can be explained. The study answers by examining the political-economy literature on deficit, which has tended recently to emphasize the importance of institutional regulation, rather than economic factors. The main conclusion offered by a survey of Hungary's system of regulation is that the weaknesses of the budget process allow short-term interests to dominate in decision-making, so that in times of slowing growth and political tensions, the tendency to deficit is much increased. Reform of the public-finance regulations is therefore essential to creating a balanced budget in the long term.

**Some questions about the effect of trade concentration**

*Anikó Juhász, Antal Seres and Márta Stauder*

Examinations of market structure and effects show that excessive trade concentration usually reduces competition on the market. It coincides with a longer-term rise in the price level, while both smaller commercial and production firms and the consumers find themselves in a less favourable market and bargaining position, and negative social effects appear. Preventing these effects is in the fundamental interest of social and economic policy.