

Competition and regulation research at IE-CERS-HAS

The [Institute of Economics](#) (IE-CERS-HAS) is one of the leading research institutes of the Hungarian Academy of Sciences, employing about 60-80 researchers in various fields of economics.

Questions concerning competition and regulation are one of the main fields of research in IE-CERS-HAS. Researchers work on questions related to the institutional features of regulatory interventions, the determinants and effects of different market structures. Besides studying the theoretical mechanisms, IE-CERS-HAS works with unique databases to conduct empirical analyses to unveil the relationship between competition, prices and firm performance. Besides academic activities, researchers in the IE-CERS-HAS are involved in policy work both for Hungarian and international policy makers. The results of this research are published each year in the yearbook “Competition and Regulation”.

In the IE-HAS, there are three research departments with 15-20 researchers specializing in various topics connected or related to Competition and Regulation Economics:

- the Empirical Industrial Organization Group, headed by Pál VALENTINY
- the Economics of Networks Group, headed by Károly Miklós KISS and
- the Firms, Strategy and Performance Group, headed by Balázs MURAKÖZY

Although at the IE-CERS-HAS our colleagues are dominantly economists, we have joined up with the University of Szeged, Faculty of Law and Political Sciences to foster our multidisciplinary work on competition and regulation:

- Department of Private International Law, headed by István Csongor NAGY

“Competition and Regulation” Yearbook

In 2007, the IE-CERS-HAS launched a yearly series of publications entitled "[Competition and Regulation](#)", edited under the supervision of the Empirical Industrial Organization Group. The main objective of the publications was to open up a much-needed new forum for home-grown Hungarian research on the legal and economic issues of the regulation of imperfectly competitive markets. The published studies covered a very broad range of topics. Some articles of general theoretical and methodological nature dealt with the background in the law and economics of regulated markets. Others investigated current legal, economic and policy issues and cases. Others again dealt with regulation and the regulators themselves. The functions, methods, analytical tools, the institutions and the impact of regulation were discussed in those articles.

Special attention was paid to regulation by the European Union, and also to recently de-monopolized key industries such as communications, energy, media, the postal sector or water and sewage. The publications were designed to provide a meeting place for economists and lawyers to work together on the economic background of legal problems and the legal solutions to economic problems. They also had an educational function. In an introductory manner and by relying on timely surveys of recent

developments in the analysis of imperfect markets and regulation, articles suitable for educational use have been regularly published.

Over the years, our publication series has expanded significantly. A steadily growing interdisciplinary circle of dedicated researchers has formed around the publications. Interactions among the authors increased over time. Significant lawyer-economist cooperation demonstrated itself by the large number of contributing lawyers and articles about legal issues, and by the emergence of articles co-authored by economists and lawyers. Almost [100 articles](#) were published by Hungarian economists and lawyers on Competition Law / Economics and regulatory topics, ranging from conceptual and theoretical debates to various case studies and empirical analysis. The 2015 volume contains 12 representative papers from the previous years. All volumes are freely available at the IE-CERS-HAS website.

Publications, research seminars, policy activities

In the last two decades, the researchers of these groups published articles on various Industrial Organization and related topics in refereed international journals among others, such as

Acta Oeconomica	International Journal of Industrial Organization
Annals of Public and Cooperative Economics	Journal of Community Informatics
Applied Economics Quarterly	Journal of Forecasting
Canadian Journal of Economics	Journal of Industrial Economics
Columbian Journal of European Law	Journal of Industry, Competition and Trade
Comparative Economic Studies	Journal of International Economics
Eastern European Economics	Journal of Private International Law
Economic Systems	Oxford Review of Economic Policy
Economics Letters	Public Enterprise: Quarterly Journal
Energy Policy	Public Finance Quarterly
Entrepreneurship Theory and Practice	Revue Internationale de Droit Comparé
European Competition Law Review	Studies in International Economics: Special Issue of Külgazdaság
European Law Review	Technology Analysis and Strategic Management
Financial and Economic Review	Technovation
German Law Journal	World Competition
Information Economics and Policy	Zeitschrift für Gemeinschaftsprivatrecht
International Advances in Economic Research	
International & Comparative Law Quarterly	

The IE-HAS weekly seminars contain lectures on various Industrial Organization topics as well. Between 2009 and 2012, there was a successful seminar series jointly organized by the IE-HAS and the Hungarian Competition Authority that specialized only in presenting research papers on Competition and Regulation, initiating a dialogue between lawyers and economists.

Members of each research units are regularly participating in competition policy and regulatory projects connected to recent cases or regulatory procedures, and are also providing expert advice both for the regulatory institutions or private firms (e.g. the [evaluation](#) of the ex-ante impact assessment of the Hungarian Competition Authority). Some members also contribute to legal procedures as expert witnesses.

The Empirical Industrial Organization Group

In this research group there have been various projects on theoretical and empirical Industrial Organization topics, understanding more the incentives of the firms in various sectors, and also the various regulatory and industry policies aimed to them. Fields researched in details include, among others: overview of regulatory institutes, ex post policy assessment, corporate governance, firm size (including mergers), boundaries of the firms (innovation, outsourcing).

Brief introduction of the members closely connected to Competition Economics and Regulation:

- Pál VALENTINY – head of the research unit. Some of his main research fields are in regulation and privatization of network industries and in measurement of the effect of regulatory and competition policy interventions. He regularly provided expert advice and prepared analyses to various utility firms and also to the Hungarian Communications Authority and the Hungarian Competition Authority.
- Gergely CSORBA – specialized in Competition Policy, his current research is mainly focused on ex-post policy assessment and mergers. He used to work as Chief Economist of the Hungarian Competition Authority between 2006 and 2012.
- László PAIZS – specialized in regulation and especially energy economics, his main publications are connected to these topics. László also has been working on various energy regulation projects both for the Hungarian Energy Office and energy companies.
- Krisztina ANTAL-POMÁZI – her current research is on the role of economic evidence in legal processes, especially in antitrust cases. Previously, she was concerned with the regulation of public procurement.

The Economics of Networks Group

The research group focuses on two main areas. 1) The study of the structure and operation of economic and social networks: the research unit analyses markets, industries or spatial units as complex, dynamic, evolving and learning systems by using the theory of complex networks and generally the methods and results of network analysis. 2) Economic issues of network industries such as network externalities and their effects on market processes or the economic issues of network infrastructure (access- and interconnection problems).

- Károly Miklós KISS – head of the research unit. His research is focused on IO, economics of regulation (mostly in network industries and public utilities), economics of networks, economics of information. He has participated and coordinated in several research projects for Hungarian Infocommunications Authority, Hungarian Competition Authority, ministries.
- László LŐRINCZ – has been carrying out analysis and research about economic regulation of telecommunications. Currently he takes part in research projects about information and communication technologies, and about economic and social networks.

The Firms, Strategy and Performance Group

The research group analyses the nature and causes of firm heterogeneity observable within each industry and country. It focuses on the relationship of this heterogeneity with industry and macro level measures of competitiveness such as productivity, innovation and growth. To this end, the group will create a

database containing information on the resources and strategies of firms on the one hand, and productivity, markups and other measures of performance on the other. It will analyze in detail pricing and production decisions and their relationship with firm dynamics and performance. Additionally, it will consider the economic geography aspects of firms' location with a special interest in urbanization and local business environment. The research will link firm-level analysis with models describing the behavior of whole industries and economies in order to understand better the role of these firm-level patterns and growth.

- Balázs MURAKÖZY is the head of the group. His research interest is centered on applied IO, international trade as well as regulation and competition policy. He has won the large “Momentum” grant from the Hungarian Academy of Sciences in 2013.

Department of Private International Law, University of Szeged

The research activities of the Department of Private International law cover various issues of competition law and policy and international free trade. Recently, the department head, as principal investigator, launched a major project on federal markets, analyzing the restriction of free trade in federal states and the European Union. Most major “federal markets” of the world (Australia, EU, US) have one thing in common: they prohibit member states from restricting trade/competition and release them from this duty if the restriction is warranted by a local legitimate end. The Court of Justice of the European Union, the High Court of Australia and the US Supreme Court face the very same conceptual issues, have to deal with similar (or sometimes) the same cases and suffer from the same headache-producing dilemmas. Still, these systems have developed in isolation from each other and the social science has neglected this comparative issue.

- István Csongor NAGY – is associate professor and the head of the Department of Private International Law at the University of Szeged, Faculty of Law and research chair and the leader of the Federal Markets ‘Momentum’ Research Group of the Hungarian Academy of Sciences. In the academic year of 2015-2016, he was Fulbright visiting professor at Indiana University, Bloomington.