

EXPECTATIONS, UNCERTAINTY AND PROBABILITY

AN ASSESSMENT OF THE LIMITS TO THE QUANTIFICATION OF RISK

Iván Bélyácz

A record amount of attention is being paid, in the search for the causes of the financial crisis, to examining the role of uncertainty. The contradiction surrounding the role of uncertainty in economics is the starting point for the author's line of argument. On the one hand is the indisputable fact that the concept holds a prime place in economics theory. On the other there is "no place" beyond that acceptance for uncertainty in the formalized theoretical constructs of economics. No distinction is drawn in mainstream economics between risk and uncertainty – the effort rather goes into attempting to merge the two categories. The author bases his analysis of the mutual relations between uncertainty, expectations and probability on study of the classic texts. The article may lead to the impression that work on this over the last century has tended to produce unanswered questions, rather than rival theoretical interpretations, let alone convincing answers. The author intentionally refrains from adjudicating between the mutually exclusive truths of post-Keynesianism and the theory of rational expectations. Nonetheless, the whole line of argument is dominated by the doubt represented by Keynes, and not by acceptance of rational expectations as theoretical truth.

PUBLIC SECTOR EMPLOYMENT

SECURITY AND SOCIAL MISSION– THE ROLE OF SUBJECTIVE ASPECTS

György Molnár and Zsuzsa Kapitány

Preference for public-sector jobs is motivated not only by the income available from them. Family circumstances may generate a demand for greater job security. The authors identify several family circumstances that increase the probability of preference for the public sector: single parenthood; long-term illness; a chronically ill child or partner; or in the case of women, a husband who previously experienced unemployment. In interpreting these cases, the usual approach of risk aversion is not wholly correct; optimizing family strategies would be far more accurate. The authors used volunteering as proxy for direct social commitment. This motive is important with employees working in human services, but quite absent from public/government administration. Another approach taken to social responsibility may be a demand for redistribution, connected with aversion towards inequalities. A relatively higher demand

for redistribution is characteristic only of employees working in health and social care. The probability of volunteering is increased by higher age, higher education, higher number of children (up to three), and smaller settlement size. The demand for redistribution, which is very high in Hungary, is reduced by higher income, higher education, higher number of children and larger settlement size.

DO WOMEN HAVE BETTER OPPORTUNITIES IN THE PUBLIC SECTOR?
THE GENDER WAGE GAP AND OCCUPATIONAL SEGREGATION IN THE PUBLIC
AND PRIVATE SECTORS

Anna Lovász

The proportion of female workers is significantly higher in the public sector than in the private, for several possible reasons: different preferences towards job characteristics, or perhaps lower discrimination against women in the public sector due to strict wage grids and hiring and promotion practices. Lower discrimination may manifest itself in the gender wage gap or in the higher ratio of women in management positions, but there are no precise estimates available for the two sectors regarding the size of the differences in these measures. The study examines whether discrimination is less, and so women's opportunities better, in the public sector, or whether – despite the standardization of rules – discrimination appears nonetheless through alternative channels. The findings suggest that the public-sector gender wage gap is significant, but 7–8 per cent lower. Only a small part of it in either sector is explained by occupational segregation. Women with equivalent observable characteristics suffer a small (2 per cent) disadvantage in terms of the probability of reaching a management position in the private sector, while their chances appear to be more equal in the public sector.

DO OLDER EMPLOYEES CROWD OUT YOUNGER?
EVIDENCE FROM HUNGARY IN A PERIOD OF RISING RETIREMENT AGE

Zsombor Cseres-Gergely

The study investigates the crowding-out effect among old and young workers in the Hungarian public sector, using job-level data. The analysis improves upon analyses based on aggregate data by considering levels of employment for various labour types and employment opportunities and wages for the young on the job level. Results indicate that the crowding out is realized through employment and wages as well, but is limited to the youngest and least experienced.

THE ROLE OF BASIC TRANSFORMATION AND REFERENCE POINT IN THE THEORY
OF INCOMPLETE CONTRACTS

Éva Berde

The article compares the conclusions from the models of Oliver Hart et al. with the views of Williamson on transaction costs. It shows that the two schools use different means on the question of the firm or the market, but similar reasoning. The au-

thor covers Williamson's criticism of Hart that there are no transaction costs in his models, and also the criticism of that criticism. Hart's notions are supported by the recently developed theory of reference point within the property-right trend, which offers chances of experimental proof of the various assumptions.

MONTESQUIEU ON MONEY, RATES OF EXCHANGE AND PUBLIC DEBT

Katalin Csató

Charles Louis de Secondat, Baron de la Brède and Montesquieu (1689–1755) devoted some chapters in his famous book *The Spirit of Laws* (1748) to the role of money in the economy. Following the work of Madarász, the study focuses on Montesquieu's views on the causes of the use of money, on the quantity of gold and silver, on the effects of the increasing money supply, on the rates of exchange, on commerce, and on public debt. He opposed justification of the public debt and drew up some ideas of repaying it. The main lines of their arguments appear in his correspondence with David Hume. Montesquieu was a quantity theorist of money. The method used in this paper is historical reconstruction.